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Yazar-Led Turkish Delegation Visits

Arrives 19 Dec

AU1912201988 Tirana Domestic Service in Albanian 1900 GMT 19 Dec 88

[Text] A government delegation of the Republic of Turkey headed by Mehmet Yazar, minister of state, arrived in Tirana today to take part in the proceedings of the first session of the Albanian-Turkish Joint Commission for Economic, Trade, Industrial, and Technical Cooperation.

The delegation was met at Rinas Airport by Vito Kapo, minister of light industry; Gani Qemo, deputy chairman of the State Planning Commission; and other comrades. Teoman Surenkok, ambassador extraordinary and plenipotentiary of the Republic of Turkey in Tirana, was also present.

Cooperation Commission Meets

AU1912202288 Tirana Domestic Service in Albanian 1900 GMT 19 Dec 88

[Text] The first session of the Joint Commission for Economic, Trade, Industrial, and Technical Cooperation between the Government of the People's Socialist Republic of Albania and the Republic of Turkey was held in Tirana today.

The Albanian side was represented on this commission by Vito Kapo, minister of light industry, and the Turkish side by Mehmet Yazar, minister of state. During this session, views were exchanged on the further development of economic cooperation between Albania and Turkey in various fields of common interest such as trade, mining, metallurgy, agriculture, light industry, the food industry, and others. Teoman Surenkok, ambassador extraordinary and plenipotentiary of the Republic of Turkey in Tirana, took part in these discussions.

Kapo Hosts Dinner

AU2012123488 Tirana ATA in English 0915 GMT 20 Dec 88

[Excerpt] [Passage omitted] In honour of the Turkish Minister of State Mehmet Yazar, the minister of light industry, Vito Kapo, gave a dinner. Attending were the minister under the Presidency of the Council of Ministers, Farudin Hoxha; the chairman of the State Planning Commission, Niko Gjyzari; and other comrades. Attending was also the ambassador extraordinary and plenipotentiairy of the Republic of Turkey to the PSR of Albania, Teoman Surenkok.

The dinner proceeded in a warm and friendly atmosphere.

Received by Carcani

AU2012194388 Tirana Domestic Service in Albanian 1900 GMT 20 Dec 88

[Text] Comrade Adil Carcani, chairman of the Council of Ministers of the People's Socialist Republic of Albania, today received Mehmet Yazar, minister of state of the Republic of Turkey, and held a warm and friendly conversation with him. Comrade Adil Carcani pointed out the close, traditional, and friendly ties between Albania and Turkey, and expressed the conviction that relations and bilateral cooperation in economic and other fields will be further expanded and deepened in the future to the benefit of both our peoples and countries. Our relations, he said, are also an important factor in strengthening good understanding, cooperation, and peace in the Balkan region. He told our Turkish friends about the achievements of the Albanian people during the years of the people's power, and their efforts for the development and prosperity of their country.

Mehmet Yazar, minister of state, spoke of the feelings of friendship and respect the Turkish people foster for the Albanian people. The Turkish people, he said, have closely followed the struggle of the Albanian people under the leadership of their great leader, Enver Hoxha, and their efforts for the development and progress of their country. He expressed satisfaction at the significant developments that have been achieved in relations between our two countries, and the confidence that they will progress further.

Vito Kapo, minister for light industry, and Sokrat Plaka, deputy minister for foreign affairs, also participated in the reception. Teoman Surenkok, ambassador extraordinary and plenipotentiary of the Republic of Turkey in Tirana, was also present.

Radio Television Delegation Returns From Greece

AU1412125988 Tirana ATA in English 0925 GMT 14 Dec 88

[Text] Tirana, December 14 (ATA)—The delegation of the Albanian Radio Television, headed by the director general, Sefedin Cela, which paid an official visit to Greece at the invitation of the Greek Radio Television, returned home on December 13.

Over its stay in Greece, the delegation visited some social-cultural objects in Athens and Thessaloniki.

Consumer Goods Production Strategy Discussed

AU1412172588 Tirana RRUGA E PARTISE in Albanian No 11 Nov 88 pp 29-38

[Bardhyl Ceku, Astrit Avduli article: "For a Better Fulfillment of the Real Needs of the Population for Consumer Commodities"]

[Excerpts] [Passage omitted]

Let Us Utilize All Possibilities To Increase the Quantity and Improve the Quality of Consumer Commodities

Comrade Ramiz Alia has stressed that "Supplies to the population must be a problem that concerns everyone, but particularly yourselves, the producers of mass consumer commodities. The needs of the population must be met increasingly better; therefore you must produce more." (Ramiz Alia, "The People—Our Strength," p 161)

As a result of the efforts to implement these instructions of the party, the working people in agriculture and industry are working with a high degree of mobilization and have attained considerable achievements. Thus, about 90 percent of the needs of the population for mass consumer commodities are met by our domestic production, while in the case of a number of important products like bread, vegetables, construction materials, furniture, socks, footwear, glass and ceramics products, oil-based paints, radios, and so forth, the needs of the population are met entirely domestically. Numerous enterprises producing mass consumer commodities have distinguished themselves with the rhythmical fulfillment of the planned tasks in regard to both quantity and variety. [passage omitted]

Analyses carried out in enterprises, districts, and even the central departments show that the problems pertaining to increasing the variety of commodities and raising their quality, however, have not always been viewed from the proper ideological and political viewpoints. Alien trends and manifestations that have been observed in certain cases, like placing the personal and collective interest above the general one, have not always been tackled from the proper class struggle perspective. There have been cases of liberal manifestations and attitudes, indifference, and superficiality in working out and in checking the implementation of concrete tasks. Consequently the quality of certain products in a number of enterprises has declined, due to the failure to apply proper production technologies and because of violations of scientific discipline. In the same way, as a result of a tendency to pursue quantity to the detriment of quality, there have been cases where poor quality shoes, clothes, small consumer items, and so forth have been produced.

All enterprises and agricultural economies have great reserves and opportunities to increase the quantity of consumer goods required by the market. This is the second year of the work carried out to implement the tasks stipulated by the Third AWP Central Committee Plenum to fundamentally resolve the problem of supplying the population with food articles of major importance. Despite the difficulties created by the prolonged drought of the past two years, results have been considerable. The reserves that exist in the agricultural economies in the form of keeping small herds of livestock at the level of work brigades have thus made it possible to improve the supply of milk to the peasantry. In the current year up to the time of writing, the quantity of milk produced by these small herds has more than doubled compared with the quantity of milk produced over the same period in the previous year, amounting to 70 percent of all the milk supplied to the peasantry, creating at the same time the possibility to increase the quantity of milk for the city markets.

Despite these achievements, more efforts are still needed to implement the decisions of the Third AWP Central Committee Plenum. The agricultural cooperatives themselves can increase production for the market. Experience shows that numerous agricultural cooperatives, having fulfilled the tasks in supplying their members and in meeting the contracts with the collecting and trading enterprises, can still sell additional products in the cities, including products collected from the personal livestock of their members. This increases output for the market, meets the needs of city dwellers, raises the income of the members of the cooperative, and helps prevent the private selling of certain products. The experience gained by carrying out such activities in the district of Tirana, although still in the initial stage, shows that cooperative trading can meet the needs of the market for certain articles which were previously missing in the market. [passage omitted]

Knowledge of the Real Needs of the Population for Consumer Goods—An Important Task of the Trading Organs

Meeting the demands of the population with necessary consumer commodities is a complex problem related to all aspects of socialist reproduction. To correctly direct the activity of those who produce and distribute consumer commodities, it is essential to have considerable knowledge of the requirements of the population, not only in general, but also in detail, according to the structure of such commodities, the regions where they are sold, the seasons during which they are sold, and so forth.

Following the party's directions, the trading organs have in recent years shown particular care in finding out the real needs of the population. General studies have been carried out and consultations have taken place for this purpose. These have helped the trade organs in drafting realistic plans and in determining the volume, structure, and variety of the goods required by the population. A special study has also been carried out in regard to the needs of the population during the eighth 5-year period.

Experience has shown, however, that shortcomings and weaknesses exist in this field, which must be eliminated. [passage omitted]

The shortcomings are primarily a result of the narrow concepts of some cadres and communists about the essential need to know the requirements of the population, and about the ways of finding out what these needs are. There are those who consider this to be a mere matter of trading practice instead of an essential need to find out what the real purchasing power of the population is, a need arising from the requirements of the fundamental economic law of socialism and the constant elevation of the well-being of the working masses, from the application of the law of remuneration according to work, and from the need to convert everyone's earnings into material goods. [passage omitted]

Experience also shows that some of the shortcomings in supplying the population with consumer commodities are because of shortcomings in the process of contracting supplies. A correct appreciation and application of contractual obligations is of considerable importance in fulfilling the planned tasks and in combating manifestations of unilateralism and globalism, and of placing narrow personal, local, and departmental interests over the general one. Meeting the ever growing needs of the population also depends to a large extent on the way in which the contracts have been completed and on the extent to which they reflect the real needs of the economy and of the population for certain articles and services, as well as on the concrete possibilities for economic enterprises and agricultural to meet these demands.

It is a fact that the work of enterprises, agricultural cooperatives, and the state and economic organs to draw up and implement contracts has been improving from one year to the next. However, serious shortcomings are still being observed, particularly in the quality of the drafting of contracts and in observing contractual discipline. This is primarily seen when the contracts concluded between economic enterprises, agricultural cooperatives, and trading organs do not fully and precisely specify the kinds of commodities required, in accordance with the requirements of the population and regional characteristics.

It is the duty of the party organs and basic organizations and their instruments, through persuasive work, to make the working people understand that the question of concluding supply contracts is not a mere technicality, but a key moment requiring qualitative work in all its technical and organizational aspects, because this also affects the way that contracts are carried out in practice. [passage omitted]

Delays in Consumer Goods Production Criticized

AU2012164588 Tirana ZERI I POPULLIT in Albanian 14 Dec 88 p 1

[Editorial: "It Is a Question of Consumer Goods"]

[Excerpt] [Passage omitted] Bearing in mind that developing and strengthening those branches of industry that produce consumer goods is very important for raising the prosperity of the working masses, the party has instructed that the use of investments in these branches must be carefully and responsibly controlled. However, alongside many achievements in this field, there have been and still are shortcomings in the planning and use of investments in the plant to produce consumer goods in certain sectors and different areas and districts. Because of completion and commission dates postponed beyond schedule in 11 industrial plants in the network of the Ministry of the Food Industry alone, for example, the opportunity to obtain 230 million leks worth of production and 41 million leks of accumulation has been lost. Similarly, the network of the Ministry of Light Industry has failed to obtain 105 million leks worth of production and 26 million leks of accumulation because of delays beyond the plan in four industrial plants. This year, there were marked delays in starting the construction work in 17 plants belonging to the food industry.

Such things testify to a lack of responsibility on the part of some investing bodies in enterprises, districts, and in the relevant directorates of ministries in controlling the use of investments in plants that produce consumer goods. Building such plants generally requires relatively small investment funds. However, because of some difficulties that arise, the central planning authorities and often those in the district, for the sake of the priority of heavy industry, hold back light industrial and food producing factories. For instance, investments for producing several kinds of electrical household appliances have been made for years on end in the Partizan factory in Tirana, but these investments have not been used for production, for the sake of a small amount of funding that might perhaps be saved several times over by starting domestic production. Such cases testify to short-sighted planning in controlling investments on the part of the relevant authorities in the administration and the State Planning Commission, and to the lack of thorough and properly supported research. The responsible study of the need to use investments in the plant to produce consumer goods is therefore an important task. Party bodies and organization must therefore demand this work from boards in enterprises, research institutes, and ministries. [passage omitted]

Atanasov Speech at Central Committee Plenum

AU1912123288 Sofia RABOTNICHESKO DELO in Bulgarian 15 Dec 88 pp 2, 3

[Report on speech by Georgi Atanasov, "member of the BCP Central Committee Politburo and chairman of the Council of Ministers," at the 13 December session of the 13-14 December BCP Central Committee Plenum]

[Text] The nature of the problems and the level of the documents we are discussing determine the fundamentally important role of this plenum of the BCP Central Committee in the future fate of the restructuring and renewal of our society and socialist Bulgaria.

We started along a new road after the 13th BCP Congress. We adopted a comprehensive program on the revolutionary renewal of society. The past years were a period of constant search, bold experiments, and struggle for achieving the necessary turning point. The stage by stage strengthening of the line of restructuring and steadily putting into effect the decisions of the July Plenum were the common denominator of the renewing processes.

It was during this period that our society acquired dynamics that were new, and in many respects, exceptional. Changes which in the past needed years to bring about today require only months. Qualitatively new relations in life have been formed. The assessment of the past and the present is being analyzed in a new manner.

International experience in restructuring socialism is intensively formed. The line of fundamental transformations conducted by the CPSU has created and is creating a new situation not only in the USSR, but throughout the world.

We are advancing toward a new model of socialism. This is the most acute and conflicting problem in the theory and practice of the revolutions. This period creates new faith. However, it can also create distrust, requires efficient practical deeds, and could also create resistance and social apathy. The dimensions of every historical turning point have such an ambiguous character.

In its complexity and importance, the current period is similar to the situation immediately after the victory of the 9 September Socialist Revolution, and the situation in which the historic BCP Central Committee April Plenum took place.

Now, as in the aforementioned periods, the turning point requires us to mobilize all forces and rally around the strategic July Concept. It is especially important to note that the party and country is in a new and specific situation.

The character and dynamics of this situation compel us to constantly compare our visions and actions with the strategic goals of our development, and on this basis, search for new means of and approaches to effecting a specific breakthrough in restructuring the entire life of society.

The speech of Comrade Todor Zhivkov, which we are discussing at the current plenum, gave a profound and innovative answer to these issues of cardinal importance for our further development.

The speech contained a precise analysis of the topical political and socioeconomic situation in which we are working.

It presented the new orientation of the party and state in the complex stage of restructuring, which allows us to remove the obstacles to the July Concept and begin an attack to bring about its practical implementation and turn it into the irreversible essence of our development.

This new orientation, and the premises incorporated in the speech, enrich the concept of further constructing socialism in our country, and because of their importance, they become an integral part of the essence of socialist construction.

Naturally, we pose the following question: What have we achieved in the first stage of restructuring, what are the first results, and what is the nature of them?

The main result, which with its political importance emerges in particular, is that at the present crucial stage of developing the world and the socialist system we have a reliable compass and a scientifically based program on constructing a new model of socialism in our country. Because of its nature and scope, as well as because of the revolutionary transformations it prompts, the July Concept must be viewed as the long-term political strategy of the party, and as a line that incorporates our best traditions and the ideals of Marxism-Leninism.

The working out of the concept and its practical implementation represents the dialectical negation of the April model of development. However, this does not mean that we underestimate the historical importance of that model.

There are neither ideological barriers nor political antagonism between the April line and the July concept. This is why we are theoretically and practically ready for the change, and had the necessary political power and courage to reveal our own shortcomings and head along a new road of socialist construction.

It is in this unity between continuity and innovation that the source of our respect for the past, ability to part with it, and courage to look forward lies.

The merit of our party leadership for establishing unity between the revolutionary 9 September transformation, the April renewal, and the July Concept on profound restructuring is exceptionally great. Although the fundamental July Concept is the achievement of the entire party and its cadres and figures, however, truth requires us to stress that the greatest personal credit in this cause of Leninist dimensions has been earned by Comrade Todor Zhivkov.

It is well known that at the beginning of the eighties we noted a significant decrease in the rate of growth of national revenue, which reached its lowest point in 1985. This trend was stopped after the 13th BCP Congress. The growth of national revenue, social productivity of labor, and the other basic economic indices increased with every year of the new 5-Year plan period.

Two trends are of fundamental importance in this context:

First of all I would like to note the emerging increase in the intensive factors of national revenue growth. In 1989 their relative proportion will be 62.8 percent, while at the end of the previous 5-Year Plan period it was only 50 percent. While we still have not reached the necessary level of intensive growth, we have made an important and essential step.

The second trend is evident in the strengthening of the economy's technological renewal and structural restructuring. Throughout the entire postcongress period the leading production lines of the structure-determining complexes have developed at a high technological level and at a fast pace. The possibility of constructing complex systems in electronics has expanded. Commodity production during the current year will surpass 5.8 billion leva, and will be 64 percent larger than in 1985.

To a large degree, the economy is undergoing restructuring in accordance with the requirements of the party premise on qualitatively new growth. This reorientation also involves a radical change in national economic management.

New organizational-administrative and territorial structures were established after the congress. Thus we removed the old departmental approach and branch administrative-bureaucratic subordination, and created preconditions for a gradual transition toward economic self-management.

Through the mechanism of state commissions we strengthened the line of decreasing the regulation of economic activity.

As a result of the changes in distribution relations, the proportion of profit remaining for commodity producers to dispose of has increased. Initial steps, albeit timid and hesitant steps, have been taken in restructuring banking and the credit system. We have moved toward forming trade prices on new principles. We are perfecting the financial mechanism. All those changes are being implemented.

The increasing change in the people's thinking and acting and in understanding that there is no going back, and that it is possible to develop successfully only if we learn to manage and work in a new way, on the basis of economic means, is the most important and difficult factor.

In short, we are developing restructuring along the entire economic front—from property relations to the organizational-management structures. This unfamiliar transposition of all layers of economic relations required and continues to require great and strenuous efforts from the state and economic cadres. In the past it posed and continues to pose many new problems, and create unfamiliar situations and complex phenomena and processes.

We did not sufficiently assess the premise on changing the forms of managing socialist property. Moreover, we failed to construct efficient economic regulating instruments and above all, an efficient tax system.

When we discuss these issues we understand that we are actually dealing with the conformity between the premises of the July Concept and the level of our practical work to implement them in life, and above all, in the economy.

It is clear to us that the problems spring not only from the inadequacy of the economic conditions and regulating instruments. They are also determined by the work style of the cadres, the state and economic organs, and the government.

From the economic point of view this is evident in the attempt from the bottom to the top to unlawfully seize power, sidestep legal documents, and "adapt" oneself to the reality, a situation that has existed for many years in our economy. Many leaders hasten to release themselves from individual unprofitable lines of production without realizing that by doing this they are blocking the activity of dozens of enterprises and creating difficulties in the market. Dozens of regulations, demands, and restrictions, which appear minor at first sight and have not been revoked, are continuing to block the principles of self-management. Serious bureaucratic phenomena are tacitly being reproduced in the work of the new territorial units.

Regardless of the difficulties and weaknesses, the results which have been achieved since the congress and the July Plenum show that important and correct changes have been made. The outline of a new economy in everything related to technologies, structures, and the level of the subjective factor is emergeing. Restructuring of the economy is strengthening, and this is the most important factor that characterizes the postcongress years.

We must realize of course that perfecting the mechanisms of management is one of the most difficult and delicate issues in every society. These mechanisms are shaped, examined, and enriched over the course of decades. The existing systems of economic management in the most developed countries are the product of long experience.

In many cases this involves complex social processes. There are no easy new roads and no easy answers to the issues that emerge along these new roads. Moreover, this also refers to processes that are deeply rooted in the economic conditions of social life. Closely intertwined and often unstable factors operate under the surface and influence this most important sphere of human activity.

Naturally, the basic conclusion is that we have failed to effect a breakthrough in the economy. Simultaneously, during the short period since the July Plenum, we have acquired experience that already allows us to direct our attention to the heart of the issue: creating a new economic environment for the functioning and management of the national economy. I mean an economic environment that is formed on the basis of interests—the interests of every worker, the millions, the collectives, and the state. These interests are realized through businesslike participation and the right to manage, through shares, bonds, leasing, and piecework.

The transition to a company-based organization of the economy is the essence of the new visions and approaches developed in Comrade Todor Zhivkov's speech. Company-based organization allows us to implement in practice the premise on the unity and diversity of forms of socialist property. Company-based organization allows us to outline the framework of the real system for overcoming the alienation of indirect producers from the means of production. Company-based organization is a reliable basis for constructing a stable production structure and achieving the necessary dialectics between major and secondary production units.

This is the source of the second advantage of the new economic forms: the democratization of the structural policy, and making it possible for this policy to be conducted not only by the state, but by the companies, the oblast and municipal people's councils, scientific and cultural organizations, and so forth as well.

All these fundamentally new premises allow us to make our economy more flexible and more mobile, and ensure that resources and funds are directed from low-profit productions to the more promising and modern ones. The most important thing is that by doing this we base ourselves firmly on the interest of the people and collectives, proceed further on the basis of this interest, and turn it into the most important basis of the national economy. I mean a decisive step aimed at forming a new economic environment for the activity of all economic agents.

The working out of a stable and reliable legal basis in accordance with the premise on the company-based organization of the economy is a great responsibility of ours. I would like to inform you that the preparaion of a governmental decree on economic activity and the rules for applying it is approaching completion. This will allow us, starting from 1 January 1989, to begin the general application of the solutions we are discussing. Our task is to implement a comprehensive change in the legal regulation of economic activity on the basis of the new visions and apply the approaches we have adopted in all complexes and productions.

Already, from the beginning of next year we can expand the application of the new wholesale prices and simultaneously prepare ourselves for advancing toward a simplified and more efficient tax system. All this will allow us to achieve in the near future the so badly needed balance between the separate echelons, productions, and economic activities. The new factor in our approach is that in the future the balance between the separate echelons and activities will be implemented mainly on an economic basis, broadly utilizing the possibilities afforded by the international division of labor.

The government will carefully ensure the transition to company-based organization, linking the priority of this transition with the priority of our structural and technological policy. In practice this means that the reorganization of the present trusts and enterprises as companies must not be sporadic in nature, but rather represent the result of a thorough and specific analysis of each complex and production. The government is responsible for conducting this change without causing shocks in the primary labor collectives and the existing enterprises.

How shall we manage and control the structural maneuvers in the national economy under conditions of company-based organization?

First of all, by creating conditions for comprehensively stimulating the priority development of productions and activities that ensure the national economy's technological progress and high economic efficiency. Constructing the company-based organization of the economy, the structural and technological maneuver, and our foreign economic policy—these are the three crucial bases upon which we shall develop in the future restructuring of our economy. We must note that the degree of our economic opening to the world strongly increases under conditions of technological restructuring and the forming of the new components of socioeconomic progress.

Our economic foundations—resources, structure, investments, and so forth—cannot develop in future within the narrow confines of our national economy. They must have international dimensions, even outside the framework of the socialist community. This requires a fundamental new style in the work of the economic organizations and cadres, and new qualities in our planning and economic activity. In this respect, the impetus must come first of all from the government, in the form of guiding information, stimuli, and the training of economic cadres.

The mastering of the new international market openings will allow us to solve many issues of our present production structure—to strengthen the rear echelons in the spheres of electronics, light industry, and machine-building, and increase the effect of utilizing the capacities of chemistry, heavy machine- building, and other activities. All this requires the comprehensive restructuring of the foreign economic sphere on the principles of company-based organization and the development of new and modern forms of economic cooperation—industrial production-sharing, the attraction of capital, consortiums, mixed enterprises, and so forth.

We must bear in mind that no issue of our economy—from its structure and foreign currency resources to raw material and marketing problems—can be efficiently solved without company-based organization and the radical strengthening of our foreign trade cooperation. For us, these are not secondary issues, but fundamental and essential issues of our future development.

Furthermore, let us examine the issue of providing goods and services to the population.

Our difficulties in this area are real and great, and there are many causes for them. The main one is that the production of consumer goods has not increased sufficiently quickly. One must not forget that the unfavorable climatic conditions during the last 4 years created additional difficulties. Hundreds of millions of leva worth of agricultural produce is not being produced.

The Politburo and government constantly deal with these issues. Despite our difficulties we are following a steady line. Major undertakings related to improving the domestic market are being implemented under the leadership of Comrade Todor Zhivkov. The measures that have been adopted involve structural changes in the market-oriented productions and activities, and the technological renewal of them through attracting foreign capital and forming reliable economic stimuli and regulating instruments.

The present BCP Central Committee plenum has given us a strong impetus. A lot depends on the activity of the government, people's councils, and economic organs and figures on whether we will be able to imbue everyday life with the renewing spirit of the July Concept.

However, what is needed is an attack, not a policy of wait and see, as is now the situation in many units of the state and economic leadership. We daily encounter unwillingness to struggle.

We expect the oblast and municipal people's councils to adopt real measures on imbuing the activity of the territorial units with a new content. On the basis of acquiring the functions of the central organs, the oblasts will obtain broad rights in planning, the economic and social development of the territories, and their infrastructure.

We cannot keep silent when attention is directed not toward the results of labor, but toward labor wages; not toward the quality of labor in other countries, but toward wages in those countries. We cannot keep silent when expensive equipment and imported tools are not being fully used, and afterwards subsidies are demanded or high production prices, which must also cover the losses from the poor organization of labor.

Our society has entered a new stage and faces new tasks, and we, as a party and leadership, have no other choice but to conduct an aggressive and uncompromising struggle against everything that hinders our program premises. I mean real political, ideological, and economic-organizational activity, which will strengthen the transforming force of the July Concept.

Mladenov Speech at Central Committee Plenum

AU1912192688 Sofia RABOTNICHESKO DELO in Bulgarian 17 Dec 88 p 4

["Statement" by Petur Mladenov, member of the BCP Central Committee Politburo and minister of foreign affairs, at the BCP Central Committee Plenum, held on 13-14 December in Sofia]

[Text] We all agree that we have discussed questions of tremendous importance at the present plenum. I entirely share the views expressed by the speakers who preceded me, that Comrade Todor Zhivkov's report and introductory speech represent a profound analysis of the problems which our society is facing. I would like to add that along with Comrade Zhivkov's former theoretical developments, his latest analytical remarks are shaping the outlines of a new theory of socialism, which contains a tremendous, constructive potential for Bulgaria's future and for the future of our social system.

The model set up by the BCP Central Committee July Plenum and the decisions adopted by the 13th BCP Congress represent real opportunities for turning the People's Republic of Bulgaria into a highly developed and civilized socialist state. I can say that our international partners awaited the practical results of these decisions with interest. Their interest is truly justified, since our country, following the 1956 April Plenum and to this day, has truly showed itself to be a particular, creative laboratory where numerous solutions have been conceived which can contribute to the further development of the theory and practice of socialism.

The April Plenum continued and further developed the cause of the socialist revolution. Since 1956 Bulgaria has accomplished a memorable leap in its material and intellectual development. It became a modern state, developing active relations with the outside world. Throughout the period that has elapsed, the People's Republic of Bulgaria has asserted itself as a desirable partner, greatly in demand on the international scene. Our country has developed basic views and have prompted important steps, which have been adopted and which are universally recognized as a contribution to establishing fruitful relations in all areas of our planet and to improving the general atmosphere in the Balkans, in Europe, and all over the world.

Following the 13th Congress and the BCP Central Committee July Plenum, positive results were undoubtedly achieved in our development. Precisely these positive results determine the character of the period that has elapsed. The high rate of the increase of our national income and the growth of labor productivity, as well as the growth in numerous other basic indices eloquently demonstrate this progress.

Along with this, we stated in a self-critical spirit that our achievements have still not met our expectations, and that we are not satisfied with them.

It is evident that our difficulties have several causes. It is certainly a question of numerous internal and external reasons, of economic, social, psychological, subjective, and objective reasons. It is my innermost conviction, however, that the prevailing reason is the insufficient readiness of our superstructure to understand the new historical essence of restructuring and of contemporary international life, to understand the profound interaction between them. We simply have not mastered the essence of our present-day mutually interconnected world.

Let us take one of the problems dealt with in Todor Zhivkov's speech, for example, the existing alienation of the direct producers of production means, and hence of certain government organs. In this case, too, there are different reasons for this alienation. Many of them are purely domestic. However, we would be mistaken in failing to see their external dimensions. Thus, for example, thousands of people in our country studied the experience of the most advanced states and made responsible decisions. Nevertheless, the simple truth was not grasped that no great results can be achieved without positive incentives and initiative. However, such incentives and initiative can only be stimulated through the establishment of real economic conditions, and not through decrees and persuasion.

We still have not succeeded in creating a mechanism opening up our economy for innovations—created in our country or abroad—and in pursuing renewal instead of shunning it.

All these problems were correctly explained in Comrade Zhivkov's speech by reference to the imperfect nature of the reform in the political sphere. Nevertheless, where does the main difficulty stem from in this case? The main difficulty stems from the fact that many of our cadres, though declaring themselves in favor of restructuring in words, actually continue to resist it in their deeds by defending the dogmatic concepts of socialism, such as strict centralization and the administrative-command system, and from this stand they continue to postpone and protract work, adopting an attitude of wait and see. This is the most serious source of stagnation, but also the key to solving the problem. This by no means implies that the role of the state in implementing the July Concept should be underestimated. On the contrary, the renewed socialist state will continue to be the basic lever for implementing the advantages of our social system in practical life.

The radical innovation of our economy and its elevation to a world standard is impossible without our opening up to the world. Having started our development with the lowest level of productive forces, technological traditions, and educational standards, it is necessary for us to learn from the experience of the most advanced countries.

There is another law-governed rule that should not be underestimated. Scientific-technical revolution and its social effects develop in geometric progression. Does this mean that we should always try to catch up with someone and assume the role of a "technological province" among the highly developed states? No, this should not necessarily be so as long as we adopt the dialectics of renewal, obtain the required engineering, production, and trade standards, and establish ourselves as equal partners in the international division of labor.

An analysis of the new essence of our contemporary world reveals numerous, important foreign policy postulates. Many principles which were formerly considered to be axioms should be reconsidered.

In the first place, we should realize that the world today is based on a balance of interests, and not on a balance of forces. The concept of the balance of interests is not simply prompted by the fear of a nuclear, ecological, or other disaster at the end of the 20th century. Even in the 21st century, even after the elimination of nuclear arms, we should not resume military confrontation. The balance of interests reflects the experience accumulated by mankind and goes beyond the scope of the present nuclear-space era.

In the second place, we should learn to consider our ideological, political, and other differences with the West, not through the prism of the question "who should defeat whom," but as an incentive for competition in creating more material and intellectual assets.

In the third place, we should proceed beyond the narrow-minded concept of peaceful coexistence, which overlooks the essence and core of the new historical meaning. We should increasingly advance toward an active, mutually interdependent coexistence, in the course of which the role of economic, legal, and political components of security should be increased at the expense of military factors.

In the fourth place, we should accept as legitimate the right of other countries to manifest a specific interest in the domestic situation of our country and to ask questions and express opinions, just as we are interested in the domestic situation of other countries. Such a situation is not identical with interference in each other's domestic affairs, but is dictated by the requirement to strengthen mutual confidence and get acquainted with other peoples and states as our partners.

In the fifth place, we should carefully examine the doctrines, laws, and practice of Western countries, the views of their political and business circles. We can discover many rational and useful things in this sphere, such as the organization of public life, economic management, social welfare, and other things. It is necessary once and for all to overcome the reflex of negation; we should abandon the practice of reacting negatively to each of their theses with an antithesis. Nothing in Marxist theory indicates that it is the task of socialism to create an antiworld which is opposed to capitalism in all things. The opposite is true—it is clearly stated that socialism is a synthesis of the best of everything achieved by mankind throughout its entire history.

A new situation has emerged in Europe and throughout the world. The new, extremely flexible, strategic, and tactically well-considered policy that is energetically promoted by the Soviet leadership and by M.S. Gorbachev in person, as well as the active diplomatic offensive of the allied socialist countries, are the basic factors that determine this new situation.

The latest Soviet decisions on disarmament and other peace initiatives announced in Comrade Gorbachev's speech to the 43d UN General Assembly have specifically and convincingly confirmed this fact. Our country sincerely welcomes this important new peace-loving action of the Soviet state.

As a member of the international community, the People's Republic of Bulgaria actively works for the implementation of the concept on the "common European home," and plays its role in the structure of the common existence [suzhhitelstvo] between East and West. Following the contacts Comrade Todor Zhivkov established with foreign state leaders and the meetings and talks held at other, different, important levels, a very favorable political basis was created for progress in the most important spheres of bilateral relations with countries such as the FRG, Italy, the United Kingdom, Spain, the United States, Belgium, Austria, and numerous other states.

Favorable opportunities exist for finding points of contact with small and medium-sized European countries on questions of nuclear, energy, scientific research, and other issues, as well as for joint initiatives within the framework of the all-European process. We should further specify the new political thinking in accordance with the conditions of the European subregions, where Bulgaria has the most immediate interests.

There is a common understanding that nature in Europe is threatened by ecological disaster and that prompt and effective measures are required in this respect. Bulgaria submitted specific proposals for cooperation among Balkan countries regarding environmental protection and the signing of a treaty on ecological protection.

In our opinion, favorable opportunities exist for Bulgaria to become a particular sort of bridge between Europe and the Middle East, where a dynamic new development is to be expected. This is likely to contribute to our own benefit and to the benefit of our partners, as well as to international cooperation.

The task of joining the European and worldwide institutions of cooperation and integration on an equal basis is one of the most topical issues for our country. We are working for the establishment of fruitful relations with the Common Market and for our GATT membership, as well as for our participation in other international organizations.

In connection with the establishment of a West European Common Market by 1992, we should stress that setting up our own, socialist common market is the most topical issue today. Thus, we would be able to cooperate with Western countries on a much broader basis of cooperation, without being afraid of their "selective" approach, and to use the advantages of our countries' joint resources, as well as the existing scientific-technical and financial opportunities.

In adopting the Comprehensive CEMA Program on Scientific-Technical Progress up to 2000, the fraternal countries have submitted their own platform for the development of cooperation and integration. Our country is ready to contribute its share to the most effective implementation of this program.

Under restructuring and along with the improvement of the mechanism for developing and promoting a joint foreign policy line of the fraternal states, the responsibility of each member country is enhanced to an unprecedented extent, not only in regard to the destiny of one's own country, but in regard to the fate of the renewal of socialism and its future as a social system.

I will try to sum up my statements: Domestic and foreign policy are both sides of the same coin. In the future everything will depend on the question of whether we will be able to fully implement the July Concept and bring restructuring to a successful conclusion. Our country's prestige in the family of civilized states depends on Bulgaria's asserting itself as a democratic, civic society. People will take our country into consideration and sign long-term agreements with it only as long as we rely on a viable, strong, and developed economy, only as long as we maintain strict organization and discipline in fulfilling the commitments we have assumed, and only as long as our representatives in the world have the necessary high standard of political and professional qualifications.

New requirements concerning foreign policy also make questions of the methods of and approaches toward its implementation a most topical subject.

I would like to begin with the problem of coordinating international activities among state, economic, social, and other institutions and organizations. Despite the efforts devoted to this problem, this coordination continues to be unsatisfactory.

Hence the necessity of adopting energetic steps for effective coordination in all directions and in all aspects of international activities—from planning and marketing to control and accountability.

Diplomacy is no longer a political sphere; it encompasses the economy, science, culture, and trade; it accurately determines the strict requirements concerning those working in the foreign policy sector under restructuring.

We have a professional, well-trained staff of diplomatic civil servants. Our embassies in countries which are important to us are headed by highly qualified party and state figures with a solid political and economic training. Many of the young comrades who are working in the Ministry of Foreign Affairs are developing as promising cadres for the future. Nevertheless, some of them are not meeting the criteria of this profession, and therefore should look for other, more appropriate fields of activity. We are just working on a uniform and generally applicable system of selection, qualification, and development of diplomatic cadres, a project which is about to be completed.

As a matter of principle, it would be correct to have civil servants who return from postings abroad not return to the central departments, but to have them work in oblast or larger municipal councils, companies, associations, or cultural institutions, or in the mass media. The Ministry of Foreign Affairs should recruit its cadres from all spheres of social life—by employing economists, engineers, lawyers, journalists, and others. Naturally, knowledge of foreign languages remains an absolute requirement.

It is necessary to adopt crucial decisions on a drastic improvement in the quality of foreign policy information from the general flow of information. All members of a diplomatic mission—from the ambassador to the counselor—should be capable of detecting all those trends and indices in economic and technical developments that could prompt correct foreign policy decisions.

We should never forget that the increasing proportion of economic aspects in diplomacy will be mastered as soon as economic criteria influence political decisions, while political decisions should contribute to the development of international economic relations.

Science should contribute to the profound analysis of political, social, and intellectual processes, and directly assist the adoption of foreign policy decisions.

Restructuring in the foreign policy sphere, as part of the general reform of the legal superstructure, should have its legal foundations consolidated along various lines.

The elaboration of a comprehensive concept of international activities, envisaging qualitative changes in the structure, style, and methods of work, and of ministries, as well as of missions abroad, is in progress.

At the end of my statement, I would like to point out the following: The meaning of all the tasks stemming from Comrade Todor Zhivkov's report pertaining to the comprehensive foreign policy front of Socialist Bulgaria can be summed up in one concept: that our activities abroad should make a real contribution to the country's domestic, economic, and social development; to promoting the advantages and attraction of socialism on Bulgarian territory; and to consolidating the image of Socialist Bulgaria as an exponent of bright and humanitarian socialist ideals.

Industrial Agreement With Austria Signed

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[Text] Agreements were signed between Bulgaria and Austria in Sofia tonight on industrial and trade specialization and production-sharing for the period up to the year 2000. They represent an incentive for the further expansion of cooperation in the sector of metallurgical and heavy industry between the two countries.

According to the agreements, prerequisites are created for the joint construction of the first stage of the complex for permanent steel casting in the Kremikovtsi metallurgical plant, and for the design and production of metallurgical equipment to ensure raw materials and energy resources for metallurgical industries and other branches in both countries.

Exchange of experience and joint technical assistance for third countries in commissioning and maintaining new industrial installations are envisaged in the agreements.

Direct financial-credit contacts with Austrian banks and credit institutes have been established by the Sofia Economic Bank.

Socialist Countries Legal Seminar Viewed

AU1212181488 Sofia OTECHESTVEN FRONT in Bulgarian 9 Dec 88 p 7

[Article by Olga Trofimova, "NOVOSTI observer": "Respect for Others and Self-Critical Approach"]

[Excerpts] People in ancient times thought that everything is in flux and everything changes. Then, what could we say about the General Declaration on Human Rights, which was adopted 40 years ago by the UN General Assembly, and which seemed to be a constant?

Yes, its importance is beyond doubt, as the first document which universalized the rights belonging to every human being as a social creature from his birth. However, our changing world, which is more and more pervasively invaded by the principles of the new political thinking, asserts its corrections. We reached the conclusion that human rights are universal values. There is no dispute that the socialist and capitalist worlds have their own different notions of democracy. However, is it not correct to admit the relation between these rights and the universal democratic tradition? Furthermore, is it not obvious that it is necessary to conduct a sincere dialogue in this very important area? [passage omitted]

These issues were discussed at the international seminar of the socialist countries, organized in Moscow at the end of November by the UN Human Rights Center and the Soviet Association on Assisting the United Nations. The participants had the opportunity to present their position on the topic of "Human Rights and Jurisprudence Tendencies," and critically compare it with progressive world practice. [passage omitted]

The foreign delegates showed great interest in the restructuring of Soviet law, which, according to Sergey Gusev, first deputy chairman of the USSR Supreme Court, obliges us to take a new approach in evaluating many of our legal institutions and traditions.

The legal policy conducted in the USSR strives to reveal the truly humane nature of socialist society and to eliminate everything that has paralyzed and continues to paralyze the implementation of tasks related to human rights, he said. [passage omitted]

We understand that the separate socialist countries have specific characteristics in regard to improving the political and legal system, summarized Angel Dzhambazov, deputy minister of justice of the People's Republic of Bulgaria. Our collective experience represents great wealth for every participant in this process. [passage omitted]

Correction to Report of Government Changes

The following corrections pertain to the item headlined "Changes in Government Membership Made," published in the 16 December East Europe DAILY REPORT, page 4:

column one, paragraph one, sentence three ...Mincho Tsanev Peychev, as minister of public health and social welfare... (changing "Tstanev" to "Tsanev") same column, same paragraph, same sentence ...Georgi Nikolov Menov, as minister of agriculture and forestry... (changing "Nenov" to "Menov")

Jakes Interview With LE FIGARO Reported

AU1912124288 Prague RUDE PRAVO in Czech 10 Dec 88 p 3

["Comrade M. Jakes' Interview for the French Daily LE FIGARO"]

[Text] As we already reported on Friday [9 December], Milos Jakes, general secretary of the CPCZ Central Committee, gave an interview to the daily LE FIGARO in connection with the visit by the President of the French Republic, Francois Mitterrand, to Czechoslovakia. In that connection, he received on 7 December the head of LE FIGARO's foreign policy column, Charles Lambroschini, and the daily's correspondent, Arielle Thedrel.

In the opening part of the meeting Milos Jakes welcomed the French journalists to Czechoslovakia, and at the party's Central Committee presented to them written answers to questions which had been sent in advance:

[Question] It seems that economic reform in Czechoslovakia is making slower progress than in the other socialist countries. Is this impression correct?

[Jakes] An economic or political reform is not like rebuilding a home, when everything is moved out and tradesmen come in. What is involved is a home, in which one lives, which must continue to carry out all its functions, and, at the same time, one has to make sure that it carries them out better and more efficiently, as our our conditions and needs require. Obviously we do not want to tarry. Compared with the original plan, we have even accelerated introducing economic reform by 1 year in order to comprehensively implement it beginning in 1990. However, in our country we have the slogan "measure twice before you cut." We are sticking to it. We want to avoid destabilizing the economy, inflation, and thus having a negative impact on the standard of living.

[Question] What are the main lines of the economic reforms, particularly compared with similar efforts in the USSR, China, or Hungary? To put it more precisely, does private ownership remain "taboo"?

[Jakes] The economic reforms in the socialist countries have a number of features in common. This is the retreat from the administrative forms of management and the transfer to using economic instruments of management, connected with decentralizing powers and responsibility to the primary components of management, with practicing principles of self-financing concerning enterprises' development. Another common feature is our endeavor for a broad participation of the working people in management by establishing self-managed entrepreneurial bodies. There are differences which arise from the specifics of the individual countries, from the achieved level of development of production forces, historical traditions, and such like. For example, in our country the form of agricultural leasing, as is the case in the USSR, will obviously not become as common, even though such a possibility exists in Czechoslovakia. We support individual or family entrepreneurship, for example in services or production by tradesmen. However, we are not considering introducing private entrepreneurship in the sense that individuals would be employing people. We consider socialist ownership of production means to be the foundation of the socialist economy.

[Question] Is reform, the aim of which is to modernize the economy, possible without political reform in the socialist countries, such as Czechoslovakia? Is the impression of a certain reservation toward the Gorbachevite slogans of "glasnost," "perestroyka," and "democratization" correct?

[Jakes] Economic reform is only one part of restructuring. True, it is an important and in many respects determining part. Therefore, we have initiated the process of restructuring with it. However, we realize that economic reform—that is, the change in the foundation—cannot be carried out without implementing the necessary changes in the superstructure, in social relations, that is, without political reform. In Czechoslovakia, too, its essence is democratization and the flow of information to the public, or, if you want, glasnost. Our objectives are identical with the objectives of the CPSU and the Soviet people. The restructuring in the Soviet Union has been an impetus and a source of inspiration for reforms in our country and we continue to make extensive use of Soviet experience. Of course, we take into consideration our specific needs, conditions, and traditions.

[Question] Should the new economic structures assert themselves throughout CEMA? Does this economic community need reform? In what respect?

[Jakes] The reforms being implemented in the economies of the majority of the CEMA countries urgently require qualitative changes in the mechanism of cooperation within the framework of the entire community. First of all, it is necessary to create conditions for intensifying the international division of labor on the level of enterprises by means of direct relations between individual enterprises or joint ventures. To this end we must also create an effective system of financial, foreign exchange, exchange rate, credit, and currency relations, a matter which the mode of cooperation to date, overwhelmingly on the governmental level, has not required. Today, both CEMA bodies and individual countries are addressing this and seeking solutions. These are complex tasks, but the progress of reforms in national economies intensifies the CEMA countries' interest in resolving them. The future-oriented objective in this respect is creating conditions for the mutual convertibility of the national currencies and for a gradual transition to a united socialist market. These are, in essence, similar integratory trends which we witness in the West, even though their forms must correspond to socialist principles. We also attach great importance to a more extensive incorporation of our economy in the international division of labor, including the development of cooperation with the EEC.

[Question] A number of socialist countries have begun revising the "blank pages" of their history. Does Czechoslovakia intend to proceed in a similar way? Above all, is the document Lessons from Crisis Developments in 1968 predetermined to remain valid?

[Jakes] Like the people of France, we, in Czechoslovakia, too, are proud of our history and draw from it lessons for the future. It is understandable that in the course of development this knowledge broadens and is supplemented. On the occasion of the 40th anniversary of the victory of the working people in February 1948 we assessed the development in the past 40 years, and in doing this we openly took note not only of our successes, but also of our shortcomings and tragic mistakes. We are equally realistically assessing the entire 70-year period of the existence of the independent Czechoslovak state, objectively appreciating the role played by those who have credit in its establishment. We regard the establishment of the Czechoslovak Republic in 1918 as a milestone in our modern history. Therefore, 28 October has been proclaimed the National Day. Regarding the Lessons from the Crisis Development in the Party and Society After the 13th CPCZ Congress, the document has not lost its topicality. When carrying out the economic and social restructuring we are seeing to it that the mistakes of 20 years ago are not being repeated, because this would imperil socialism even today.

[Question] How could Czechoslovakia contribute to the process of arms control between East and West? Is the Warsaw Pact still an organization capable of coping with the demands of the times?

[Jakes] We regard a realistic and responsible attitude toward the future of mankind, the manifestation of which is the new thinking implemented in the policy of the Soviet Union and the Warsaw Pact member states, which has been meeting with an ever greater response from realistic forces throughout the world, to be the fundamental demand of modern times. We assert the idea of a comprehensive system of international peace and security which, should it be created, would make the existence of military blocs unnecessary. One frequently forgets that the Warsaw Pact came into being 6 years later, as the response to NATO's founding, when our countries did not succeed in pushing through the idea of collective security. The Warsaw Pact member states have more than once expressed their willingness to disband their alliance the moment the NATO states are willing to do the same.

Czechoslovakia strives for disarmament. On these issues we proceed in unison with our Warsaw Pact allies. For example, together we have set the conceptual line for the talks of the 35 European states on confidence-building measures and security, as well as for the talks of the 23 Warsaw Pact and NATO states on the reduction of armed forces and armaments. We are interested in a speedy elaboration of the mandate for these forums at the Vienna follow-up meeting. I would like to note that we, as the first country in the all-European process, had held exercises to which we invited observers in accordance with the rules of the Stockholm document, as well as the fact that the Soviet missiles subject to scrapping on the basis of the treaty signed by the USSR and the United States a year ago were removed from our territory even before the treaty was ratified. Last February we submitted a proposal to establish a zone of trust, cooperation, and good neighborly relations along the line of contact between the Warsaw Pact and NATO, a proposal whose important component is a marked "dilution" of armaments and troops in the above mentioned zone. Together with the SED, the CPCZ also proposed establishing a zone without chemical weapons in Europe. Also, our proposal to hold an economic forum in Prague, which would provide new impetus for international cooperation in the sphere of trade, industry, technology, and finance, is still valid. Also, we see the celebrations of the 400th anniversary of the birth of Jan Amos Comenius, the teacher of nations, as a contribution to the development of the humanistic traditions of the European and world culture, and on that occasion propose holding in Czechoslovakia a conference on educating the youth toward peace.

We welcome all ideas and concrete steps the purpose of which is to strengthen trust, security, and cooperation in our common European home and throughout the world. From these positions we also approach the talks with the President of the French Republic, Mr. Mitterrand, whose visit to our country we regard as an important milestone in the development of Czechoslovak - French relations. I am gladly making use of this opportunity to greet the French people and wish them much success and luck in peaceful life.

[Question] Despite the recent appointments, the Catholic Church in Czechoslovakia lacks approved dignitaries. What is the future of the relations between the state and the church?

[Jakes] Yes, a number of Catholic dioceses remain without bishops. However, we do not feel responsible for this abnormal situation. We have only one condition: that the nominated church dignitaries respect the socialist reality in Czechoslovakia, that they, next to the fulfillment of their church duties, also honor their country, its social system, and the laws. My opinion is that the Vatican, when submitting its proposals for filling the vacant bishoprics, should respect these natural criteria. The goodwill of the Czechoslovak Government is attested to by the fact that apart from the relations with the Vatican, we have no problems with any other church or religious association active in Czechoslovakia in that respect; their bishoprics and other posts are filled regularly and in time.

I have the impression that the religious issue regarding Czechoslovakia has become sort of fashionable and is, from ignorance, but often also intentionally, distorted abroad, and sometimes even misused for political objectives. Here, at home, we do not feel any special problems regarding the church. The overwhelming majority of believers are taking an active part in the development of socialism and in our country's public life. In accordance with the Constitution we fully respect religious beliefs and see to it that believers have all the prerequisites for satisfying their religious needs.

[Question] Despite the often repressive actions by the state, an opposition movement continues to develop in Czechoslovakia. Does a prospect of a "national reconciliation" between the political power and the opposition exist?

[Jakes] You are experienced journalists and certainly know well the various forms of real state repressions. Well, so be it: Yes, this year the organs of the Public Security Corps—with legal means, which did not exceed the normal degree in other countries in similar cases, including France—ensured calm and order during unauthorized gatherings, organized by a handful people. This must be stressed—otherwise, French readers could—under the term opposition—imagine numerically strong and influential political movements, which have a constructive program and the public's broad support. In our country, as you know, there are always the same names involved, which you remember. They are appearing in various groups which, here and there abundantly supported by some forces in the West, want to make themselves heard. The majority of their occasional declarations and leaflets are the evidence of their antisocial objectives and programmatic effort to constantly oppose everything in the interest of destabilizing socialism. Therefore, we cannot talk about any reconciliation. We are in favor of a plurality of opinions, but against the creation of an opposition which would strive to overthrow the socialist system. Our Constitution and laws apply to everyone, and an activity which is at variance with them must not be tolerated. In our country there exist conditions for everyone to become involved in political activity on a socialist basis, express his views and suggestions, and take part in the management and administration of the state. This is how we perceive socialist democracy and take steps to deepen it.

In the discussion which followed, the French journalists asked Comrade Jakes further questions:

[Question] What does Czechoslovakia expect from France and notably from Francois Mitterrand's visit?

[Jakes] We are very glad that President Mitterrand accepted our invitation to pay a visit to Czechoslovakia. He is the first French president to visit our country, not only in the postwar period, but since the inception of the independent Czechoslovak state. What do we expect from this visit? We expect, above all, the further expansion of comprehensive relations between Czechoslovakia and France, and especially the development of economic contacts. Our opinion is that in this respect France does not play the role which belongs to a country with such a wealth of history, great economic strength, and political influence. I think that we have something to link onto—the longstanding good historical ties, and the earlier very close cultural, but also economic and political bonds. Of course, there are also darker sides, including Munich. But I do not want to speak about it today.

[Question] What can France do in the economic sphere? It is not clear whether Czechoslovakia might not prefer the FRG.

[Jakes] In this sphere we have no preferences. Of course, the FRG is a neigboring country, it holds the first place in our economic cooperation with developed capitalist states. It stems from its activity on our market, from the willingness to develop mutually advantageous bilateral cooperation. The same relationship could exists with France if there is a desire to develop our relations. I am saying openly that we will welcome them.

[Question] You have expressed support for reforms in the Soviet Union. Despite that we have the impression that in your country the opinion prevails that the Soviet reforms are too fast and go too far.

[Jakes] Such opinion does not prevail here. But we must distinguish between two things. There have been decisions adopted by the Communist Party and the Soviet state, we consider them to be correct, and they inspire us. However, there also exist phenomena—and without them such great changes could not even be implemented—which, as the Soviet comrades themselves are saying, are a sort of dirty scum, which must be removed.

[Question] We have the impression that the ideas which Mikhail Gorbachev defends and upholds at present are the ideas which Mr Dubcek defended 20 years ago. What is your view of Mr Dubcek today? What is the difference between today's reforms of Gorbachev and yesterday's reforms of Dubcek?

[Jakes] Alexander Dubcek is considered a private person in our country. Personally, I am convinced that he will not play any major political role. The present situation is different from the situation 20 years ago, although there were a number of good intentions at that time. Life, however, cannot be evaluated on the basis of intentions, but according to results, according to realities. The difference between restructuring in the Soviet Union and the developments in Czechoslovakia in 1968 is that everything in the Soviet Union is taking place under the leadership of the Communist Party, on the basis of strengthening socialism, whereas in our country, despite all declared good intentions, the party had lost control over the development of events. Socialism had not been strengthened, but weakened.

[Question] A major reassessment of the Stalin era is under way in the Soviet Union. Some people are surprised that the same revision of history is not taking place in Czechoslovakia.

[Question] The Soviet Union cannot be compared with Czechoslovakia in this respect. Although the personality cult marked or had an influence on us, it could not develop in our country. There have always been strong democratic traditions here. Klement Gottwald's merit was that he strove to gain political influence and political power by democratic, parliamentarian means. In 1946 the Communists won the elections and in 1948 they changed the government legally, by parliamentary means.

[Question] Yet Gottwald was Stalin's man in Czechoslovakia.

[Jakes] The Soviet Union had a rather considerable influence on the overall situation in the socialist countries at that time. However, Klement Gottwald cannot be characterized as a man with leanings you have spoken about, as a person who would want to follow the path of repressions. We do not intend to pronounce some sort of an anathema against Comrade Gottwald. He played a positive, a highly positive role in our history.

[Question] There were, nonetheless, repressions in Czechoslovakia. Will the officials who fell victim to them be rehabilitated?

[Jakes] The rehabilitation of the victims of the instances of unlawfulness of the fifties took place in the sixties. Comrade Husak, who had been jailed for more than 9 years, is an example. He became general secretary of the party and is president of the Republic. This is just one example. Naturally, the fates of those who were unlawfully and unjustly executed cannot unfortunately be changed. We can only condemn and criticize this and draw a lesson from it.

[Question] We do not quite understand why a demonstration marking the 70th anniversary of the founding of the Czechoslovak Republic was suppressed on 28 October.

[Jakes] We did celebrate 28 October very much. A public rally was held on Wenceslas Square and all citizens had been invited to attend it. More than 200,000 people took part in it. The day after this rally, some individuals and groups attempted to stage another rally, again on Wenceslas Square, without availing themselves of the necessary authorization. The purpose of this rally was not to celebrate the founding of an independent Czechoslovak state, but to provoke the public. Because it was not authorized, the security forces took the necessary steps, such as are being taken in every state, and called on the participants to disperse. Wenceslas Square is, after all, the city center and it is not meant to serve just as the venue of all kinds of gatherings and demonstrations. We believe that a different locality should be selected for such matters, if some citizens demand it.

[Question] A request has recently been submitted to hold a rally on Wenceslas Square on 10 December to mark the Declaration of Human Rights. That request has been turned down.

[Jakes] A decision of principle has been adopted, which does not apply just to this rally but is generally valid. Wenceslas Square is reserved solely for large gatherings of national, statewide significance.

[Question] Could this problem be solved if the rally were to take place elsewhere?

[Jakes] I presume that the permission to hold the rally elsewhere will be granted.

[Question] Catholics are planning to hold a rally in Olomouc on Sunday [date not given] to demand the release of Augustin Navratil, who is interned in a psychiatric hospital. Do you think that Mr Navratil will be released?

[Jakes] First of all, I do not know that a rally is supposed to be held there. Neither do I know the details of Mr Navratil's case and of his state of health to be able to assess the case and make a statement on it.

[Question] The impression in the West is that Czechoslovakia has lost a great deal with the departure of very prominent personalities, especially in the cultural sphere. We are thinking of people like filmmaker Milos Forman or writer Milan Kundera. People say that Czechoslovakia suffered a loss with their departure. Do you regret their departure?

[Jakes] It was their free decision. Incidentally, Milos Forman comes to Czechoslovakia from time to time. He also shot his movie "Amadeus" at historical sights here. Milan Kundera is a different matter. Kundera is not a bad writer, but he simply has his specific attitude toward us and socialism. He has chosen to live in the West. We have many more talented artists; but, precisely because they do not speak out openly against socialism, among many people in the West these talented artists do not have the high repute they would deserve by dint of their work. When I look at the general development in culture, it evolves positively even without those who have left. Of course, we would benefit if these people worked here in accordance with socialist interests; the tree of our culture would be more ramified.

[Question] Which is the last Kundera book you have read and the last Forman movie you have seen?

[Jakes] I have not read what Kundera has written abroad. The last Forman movie I saw was "Amadeus." That movie is being routinely screened in our country, like other Forman movies.

[Question] Do you think that one day it will be possible to publish Kundera's books?

[Jakes] That depends on the books. We do not put up any resistance to the publication of good books just because someone has left his country. We acknowledge what is good.

[Question] Did any members of your family leave the Republic in or after 1968?

[Jakes] No.

[Question] What would you say or do if some member of your family did leave?

[Jakes] I would resign.

[Question] Is Mr Gorbachev the person to whom you feel most closely attached, from both personal and ideological viewpoints? Or do you feel close to someone else, be it a past or a current personality?

[Jakes] Our party and I personally support the policy of Comrade Gorbachev. I have known him for a number of years; at one time, we were both Central Committee secretaries in charge of agriculture. We have had several meetings and we continue to meet. I am impressed by his democratic approach, by his openness to discussion, and by his ability to look at matters critically and to look for good solutions with a great vitality. It is my personal wish, in this respect and generally, that his policy and the policy he stands for be successful—both on the international and domestic scales. He took upon himself an enormous burden and his new policy is a very important motivating force moving the world forward in the right direction.

At the close of the reception Comrade Milos Jakes expressed thanks to the important French daily for the interest it shows in Czechoslovakia and in our aims and results in implementing the policy of restructuring and democratization. Objective information on life in various countries, he stressed, is an important prerequisite of good mutual knowledge, of reinforcing trust and understanding in international relations.

[Question] In our opinion, you have demonstrated this by openly replying to all our questions. We, too, thank you for the attention you have devoted to us at a time when our president, Mr Mitterrand, arrives in Czechoslovakia.

In the wake of Mikhail Gorbachev's speech at the UN General Assembly, the correspondents of LE FIGARO asked Milos Jakes to answer an additional question:

[Question] What is Czechoslovakia's attitude toward the Soviet Union's new initiatives and measures in reducing armed forces and armaments, declared by Mikhail Gorbachev in his address to the UN General Assembly?

[Jakes] Comrade Gorbachev's address was a deep analysis of the present situation in the world. It made a case for the universal interest in continuing the process of improving international relations and it also set out the program to achieve this. It therefore has our full support. This naturally also applies to the reduction of Soviet Armed Forces and armaments on the territories of the CSSR, Hungarian People's Republic, and the GDR. This is another proof of the readiness of the Soviet Union and Warsaw Pact member states to responsibly contribute to disarmament, which is the key global problem facing mankind. This measure was consulted with Czechoslovakia in advance and the Czechoslovak side voiced full agreement with it. It is a step that should meet with constructive response of the countries interested in talks on the reduction of armed forces and conventional armaments in Europe.

Charter 77 Thanks Government for 'Tolerance'

AU2112084188 Paris AFP in English
2354 GMT 20 Dec 88

[Excerpts] Prague, Dec 21 (AFP)—The Czechoslovak dissident group Charter 77 on Wednesday paid homage to the government's "flexibility and tolerance" for allowing its supporters to march on the occasion of the 40th anniversary of the Universal Declaration of Human Rights, last December 10.

In a statement released early on Wednesday, the group described the agreement it had been able to reach with the authorities over holding the march as "a positive event."

Czechoslovakia was now at a turning point, the statement said, adding: "The weeks and months ahead will show whether this first step in the right direction will be followed by others."

[passage omitted]

"Unlike many opposition groups, we are not in the habit of systematically criticizing the authorities," the Charter 77 statement said.

It noted that the rally marked the first time the government had ever accepted to negotiate with representatives of independent groups, and had reached an agreement with them.

Meanwhile another of the groups which organized the December 10 rally, the Independent Pacifist Group, called on the authorities to give it a room in which to hold its meetings.

The group, created early this year, has regularly called on Prague residents to meet in Wenceslas Square on the last Saturday of each month for "public debates," but the meetings have just as regularly been broken up by the police.

Prague Rally of 'Independent Groups' Held

AU1512163488 Bratislava PRAVDA in Slovak
12 Dec 88 p 2

[CTK report: "Gathering in Prague"]

[Text] About 1,800 people gathered in Skroupa Square in Prague's third municipal district on Saturday afternoon [10 December] for a rally organized by so-called independent groups. In their statements and on several banners the initiators of the rally made use of Human Rights Day to attract attention to their existence. The permit for the rally had been issued by the municipal national committee for Prague's third district, on the basis of an application submitted by the convening persons.

Jozef Lenart Makes Working Trip to Italy

Departs Prague 16 Dec

LD1612175588 Prague CTK in English
1629 GMT 16 Dec 88

[Text] Prague Dec 16 (CTK)—Czechoslovak Communist Party Presidium member and Central Committee Secretary Jozef Lenart left today for a working visit to Italy.

He will meet leading representatives of industrial, business and banking circles and of the National Cooperative League.

Visits Milan Enterprises

LD1712134588 Prague CTK in English
1220 GMT 17 Dec 88

[Text] Milan Dec 17 (CTK correspondent)—Presidium member and Secretary of the Czechoslovak Communist Party Central Committee Jozef Lenart, who is on a working visit to Italy these days, arrived in the town of Novarra today and visited the Montedison company chemical research institute.

Leading officials of the firm ranking among the best ten chemical companies in the world briefed Jozef Lenart on the current production program and research work of the institute orientated to five spheres: human health, rational food, new materials, power resources and the environment. The annual research costs amount to about 525,000 million Lire.

The Montedison company has started to extend cooperation with Czechoslovakia. The volume of mutual exchange goods will reach 45,000 mllion lire this year.

After a comprehensive discussion confirming the Italian side's interest in the exchange of goods and scientific and technological cooperation with Czechoslovak enterprises, Jozef Lenart visited several modern research centres.

Tours Northern Cooperative

LD1812170088 Prague CTK in English
1623 GMT 18 Dec 88

[Text] Brescia Dec 18 (CTK correspondent)—Presidium member and Secretary of the Czechoslovak Communist Party Jozef Lenart, who is currently on a working visit to Italy, visited the "Agrocomplex" cooperative organization, an agricultural and food producing company using advanced technologies, near the north Italian town of Brescia, today.

The Italian side expressed interest in exporting the company's goods to Czechoslovakia, and discussed also other possibilities of developing bilateral contacts.

In a short interview for "Telenord" television station, Jozef Lenart appreciated the ecological level of technologies applied in the cooperative, and stressed Czechoslovakia's interest in cooperation.

Jozef Lenart and Czechoslovak ambassador to Italy Norbert Zidek were then briefed on the use of biological fluid sewage treatment plants built near Cremona on the basis of a Czechoslovak licence and in cooperation with Czechoslovakia.

The first part of Jozef Lenart's working visit during which he held talks with trade and economic partners in Milan, Novarra and Brescia confirmed the Italian firms' interest in faster and deeper development of cooperation. Dynamic development of the Italian economies and changes in the Czechoslovak economic mechanism, including new laws on economic relations with foreign countries and especially the establishment of joint ventures, create new conditions for higher forms of cooperation.

Jozef Lenart, accompanied by party Central Committee departmental head Zbynek Sojak and a group of Czechoslovak economic experts, will continue talks with Italian economic, government and parliamentary representatives in Rome on Monday and Tuesday.

Meets With Iotti

LD1912194888 Prague CTK in English
1855 GMT 19 Dec 88

[Text] Rome Dec 19 (CTK correspondent)—Czechoslovak Communist Party Presidium member and Central Committee secretary Jozef Lenart met here today President of the Chamber of Deputies of the Italian Parliament Leonilde Iotti and discussed with her the possibilities of further cooperation.

Jozef Lenart stressed that Czechoslovakia does not limit its interest only to the CMEA countries or its close neighbours but seeks new partners in Europe. He pointed out in this context the development of Czechoslovak relations with France and Spain.

He said that the changes in the management and orientation of the Czechoslovak economy create wider space for new contacts and cooperation, which benefits both countries.

Leonilde Iotti accepted the invitation to visit Czechoslovakia and highly appreciated the proposal by the Czechoslovak Government to convene in Prague a meeting of leading representatives of European governments on ecological cooperation.

On the last but one day of his working visit to Italy, Jozef Lenart also held talks with leading officials of the National Cooperative League on the expansion of cooperation. The Italian side expressed interest in new possibilities for joint ventures and higher forms of cooperation with Czechoslovak partners. Besides traditional ties between cooperatives, Italian representatives expressed interest in relations with Czechoslovak state entreprises. It was agreed that a special commission will be set up to improve cooperation.

Jozef Lenart said that structural changes in the Czechoslovak economy and greater emphasis on the development of services create favourable conditions for a more dynamic cooperation based on cooperative enterprise.

Gives Press Conference

LD2012224588 Prague CTK in English
1529 GMT 20 Dec 88

[Text] Rome Dec 20 (CTK correspondent)—Czechoslovak Communist Party Presidium member and Central Committee Secretary Jozef Lenart said today that the results of his talks in Italy were successful and good prospects existed for economic cooperation between Czechoslovakia and Italy.

Speaking at a press conference given at the end of his friendly visit to Italy, Jozef Lenart said that the present level of economic relations did not correspond with the possibilities on both sides. It is thus essential to make better use of the new conditions which are being created for a more flexible goods exchange, scientific-technological cooperation and the foundation of joint ventures.

Jozef Lenart went on to stress the significance of the Czechoslovak proposal to create a zone of confidence, cooperation and good neighbourly relations along the line dividing the Warsaw Treaty and Nato states, and the Czechoslovak Government's proposal for Prague to host a meeting of European prime ministers on ecological issues.

Also, today, Jozef Lenart met with Gilberto Bonalumi, first deputy foreign minister and chairman of the mixed Czechoslovak-Italian Commission.

The Czechoslovak official appreciated the results of his visit again in an interview for the Italian television and answered questions concerning the present restructuring in Czechoslovakia.

Returns Home

LD2012230088 Prague CTK in English
1826 GMT 20 Dec 88

[Text] Prague Dec 20 (CTK)—Czechoslovak Communist Party Presidium Member and Central Committee Secretary Jozef Lenart returned here today from a working visit to Italy. [Prague Domestic Service in Czech at 2200 GMT on 20 December in a similar report adds that Lenart was welcomed at Prague airport by Jan Fojtik, member of the Presidium and secretary of the CPCZ Central Committee]

Defense Minister Vaclavik Visits Tanzania

Received by Warioba

LD1412162588 Prague CTK in English
1316 GMT 14 Dec 88

[Text] Dar es Salaam Dec 14 (CTK)—Visiting Czechoslovak Defence Minister Army General Milan Vaclavik was received today by Tanzanian Premier Joseph Warioba. They appreciated the successfully developing ties between the two countries and confirmed interest in their expansion.

The two officials pointed out the two countries' active part in the promotion of peace and their efforts aimed at constructive solutions to topical problems in the world. The Czechoslovak defence minister praised Tanzania's anti-colonial and anti-imperialist struggle mainly in the south of Africa, and its domestic policy in the building of a new, socialist-oriented society. The reception was held in a cordial, friendly atmosphere.

General Milan Vaclavik today started official talks with his Tanzanian colleague Salim Ahmed Salim. The two defence ministers informed each other of the political situation in their countries and the activities of their armed forces. They discussed the possibilities of further development of cooperation.

Attends Reception, Departs

LD1612141488 Prague CTK in English
1223 GMT 16 Dec 88

[Text] Prague Dec 16 (CTK)—A Czechoslovak delegation led by national Defense Minister Army General Milan Vaclavik ended today a visit to Tanzania and left for home.

A reception given at the Czechoslovak Embassy on the eve of the delegation's departure was attended by Tanzanian Deputy Premier and Defence Minister Salim Ahmed Salim and other official representatives.

During their final talks, the two ministers discussed proposals for further cooperation and expressed interest in the development of friendly relations.

Horeni Speaks on USSR Treaty Anniversary

LD1212231788 Prague Domestic Service in Czech 1900 GMT 12 Dec 88

[Excerpts] A delegation of the CPCZ Central Committee, the Central Committee of the National Front, and the Federal Government, led by Zdenek Horeni, member of the Secretariat of the Party Central Committee, tonight participated in a ceremony at Smetana Theater in Prague. Comrade Horeni also gave a speech. Miroslav Stepan, member of the CPCZ Central Committee Presidium and leading secretary of the Prague party organization, was also present. [passage omitted]

Comrade Zdenek Horeni first recalled the signing of the Czechoslovak-Soviet friendship, mutual aid, and postwar cooperation agreement—the 45th anniversary of which today symbolically closes the month of friendship. Right now, when step by step the political guidelines of the congresses of our Communists and the Soviet Communists are being implemented, we can rightly say that there are realistic preconditions to raise the whole complex of Czechoslovak-Soviet relations to a qualitatively new level in all spheres of life. He stressed that we have begun a frontal drive toward the most significant qualitative jump in our economic life, the greatest since the nationalization of industry, as the government has made the decision to shorten the preparatory period [as heard] by a year, and introduce the economic reform regulations on 1 January. [passage omitted]

Foreign Trade Results, Prospects Pondered

AU1512190388 Prague RUDE PRAVO in Czech 9 Dec 88 p 8

["pp"-signed article: "Pondering Foreign Trade Results; No Turn Yet"]

[Text] Prague (Our correspondent)— Czechoslovak foreign trade achieved only partial success this year. In trade with the socialist countries, in which the state plan envisaged stagnation or a slight drop, there will be an approximately 2 percent increase. Tasks involving imports from the socialist countries are being successfully accomplished. We will achieve a more marked positive result in trade with the Soviet Union only; however, the credit for this goes to the current drop in prices of fuels and raw materials. Imports of engineering products from the USSR are unsatisfactory. According to the plan, exports to the nonsocialist countries should increase by 7 percent this year. However, in the first 10 months the growth constitutes only 4 percent due primarily to the exports of nonengineering products. The drop in the profitability of exports has been halted, due mainly to the rising prices of rolled material and plastics on the world market by more than a third, and not because of the national economy's higher output.

This year we also have not succeeded in carrying out structural changes in our engineering production, with the result that it was not possible to exploit the high demand, especially for textile and printing machinery, and certain types of machine tools. On the other hand, heavy engineering products and turn-key projects, for the purchase of which our competitors provide long-term, minimum-interest credits, are increasingly difficult to place on the world market. At a press conference held in Prague on Thursday [8 December], representatives of the Federal Ministry of Foreign Trade said that next year's plan envisages increased exports and their higher profitability, especially to the capitalist countries. Within CEMA our trade will increase mainly with the PPR and the Hungarian People's Republic, while we expect to maintain the present level with the remaining countries.

1989 National Economic Plan Law Reported

AU2012215788 East Berlin NEUES DEUTSCHLAND in German 16 Dec p 3

["Law on the 1989 National Economic Plan of 14 December 1988"]

[Text] In implementation of the decisions of the 11th SED Congress, the National Economic Plan for 1989—the 40th year of the founding of the GDR—is directed at continuing the overall strengthening of the GDR. With the 1989 National Economic Plan, the tested course of the unity of economic and social policy as the core of the economic strategy is being consistently continued for the benefit of the people and to safeguard peace.

All working people in the combines, enterprises, cooperatives, and institutions are called upon to generally fulfill the targets of the 1989 National Economic Plan with industriousness, initiative, and many ideas.

All initiatives are to be aimed at increasing the combines', enterprises', and cooperatives' own contribution to the highest possible available national income. This requires the safeguarding of high labor productivity and efficiency with decreasing costs and production in line with the quantity, ranges, quality, value, and dates stipulated in the contracts. The state plan positions and subcontractor deliveries are to be fulfilled reliably.

The way toward this is shown by the SED's economic strategy, in particular by the ever more efficient linking of science and production and the comprehensive application of the key technologies, in particular microelectronics.

The youth initiatives in the "GDR 40 FDJ Call" are to be generally supported.

I.

The dynamic development of performances and efficiency in the national economy is to be continued with the following targets in 1989:

1. Development of the produced national income and net output according to sectors:

	1989 as a percentage of 1988
produced national income	104.0
net output in industry	104.4
net output in the construction sector	103.8
net output in transportation, postal services, and telecommunications	102.1

net output in agriculture and forestry is to be raised to 103.8 in 1989 compared with the average of 1986-88

The increase in national income is to be reached completely by raising labor productivity.

The economic work in the combines and enterprises is to be aimed at deepening and lastingly securing intensive expanded reproduction, and at using the principle of self-financing for a rising performance and efficiency growth.

2. Development of production and manufacturing of national economic final products:

The following targets have to be reached:

—Increase of industrial goods production in the national economy to 103.5 percent and to 104.2 percent in the sphere of the industrial ministries in 1989 compared with 1988.

—Development of the production of economically important goods for supplies to the population, the material-technical safeguarding of production, and for exports (state plan positions):

	measuring unit	1989
unipolar integrated circuits	million marks	1,237
bipolar integrated circuits	million marks	460
office and personal computers	units	62,000
including: computers with 16-bit processing ranges	units	40,000
foil memories	units	215,000
serial-parallel printers	units	155,000
special technical equipment for active electronic component parts	million marks	813
special technical equipment for passive electronic component parts	million marks	80
equipment and facilities for monitoring, regulation, and control	million marks	2,637
special electrical equipment for road vehicles	million marks	1,751
color television sets	1,000 units	590
household refrigerators	1,000 units	1,150
including: household freezers	1,000 units	560
children's outerwear	1,000 units	28,044
young people's outerwear	1,000 units	3,843
men's outerwear	1,000 units	15,010
ladies' outerwear	1,000 units	17,857
hosiery	1,000 pairs	444,724

	measuring unit	1989
textile floor coverings	1,000 square meters	43,872
leather goods	million marks	1,173
furniture and upholstered goods	million marks	8,094
toys	million marks	1,499
electricity	gigawatt hours	121,440
raw brown coal	1,000 tonnes	317,100
brown coal briquettes and dust	1,000 tonnes	52,220
city gas	million cubic meters	8,239
rolled steel, total	1,000 tonnes	9,335
of that: refined rolled steel	1,000 tonnes	8,232
fire-refined and electrolytic copper	tonnes	48,200
tin	tonnes	2,500
potassium fertilizers	1,000 tonnes K_2O	3,505
diesel fuel	1,000 tonnes	5,574
high-pressure polyethylene	1,000 tonnes	164
synthetic fibers	tonnes	111,800
tires for passenger cars, including retreading	1,000 units	6,878
cutting machine tools	million marks	3,801
machinery and equipment for the printing industry	million marks	1,196
machinery and equipment for the textile, clothing, and leather industry	million marks	1,072
ventilating and air-conditioning equipment	million marks	541
machinery and equipment for the foodstuffs industry	million marks	654
products for hydraulics	million marks	1,244
roller bearings	million marks	980
fittings	million marks	1,899
pumps and compressors	million marks	1,255

3. The following targets for the further performance increase in industry are fixed by the 1989 National Economic Plan:

	1989 as a percentage of 1988		
	net output	labor productivity	industrial commodity output
industrial ministries total	106.5	106.0	104.2
Ministry of Coal and Power	104.4	103.2	103.1
ore mining, metallurgy, and potash	104.1	103.7	100.4
chemical industry	106.5	105.9	103.8
electrical engineering and electronics	112.5	111.1	108.8
heavy machinery and installation construction	106.0	105.6	103.8
machine tool and processing machinery construction	106.9	106.2	108.2
general machinery, agricultural machinery, and vehicle construction	103.0	101.6	106.8
light industry	105.3	104.8	103.7
glass and ceramics industry	102.1	102.0	102.4
bezirk-administered industry and foodstuffs industry	105.5	105.6	102.6

The following performance increase is to be reached in the sector of the Ministry of Construction:

	1989 as a percentage of 1988
increase in building output to	102.1
increase in net output to	104.7
increase in labor productivity to	105.0

The following targets have been set for agricultural production:

	measuring unit	1989
crop production calculated in terms of grain equivalent units per hectare of agriculturally usable land	decitonnes	50.0
per-hectare yield of grain	decitonnes	46.2
grain output	million tonnes	11.6
state procurement of		
ware potatoes	1,000 tonnes	2,655
sugar beets	1,000 tonnes	6,000
fruit	1,000 tonnes	790
vegetables	1,000 tonnes	1,595

	measuring unit	1989
slaughter animals	1,000 tonnes	2,710
milk, calculated in terms of 4-percent fat content	1,000 tonnes	7,540
eggs	million units	4,968
wool	tonnes	8,385

Increase of production of consumer goods in 1989 in the sector of forestry to 102.4 percent; supply of rough timber 10.8 million cubic meters.

The following targets are to be reached by the transportation sector:

	1989 as a percentage of 1988
increase in public goods transportation services in domestic traffic:	
German Railroads	to 101.2
inland navigation	to 103.5
increase of passenger transportation	to 100.8

In the posts and telecommunications sector performances are to be raised to 102.5 percent and 60,600 telephone hook-ups have to be established in order to improve supplies to the population.

With efficient geological prospecting work, geology has to further expand the necessary basis of resources for the more intensive utilization of domestic mineral raw materials. For this purpose, it

—has to stably ensure production of domestic natural gas amounting to 11 billion cubic meters;
—to prospect for a stock increase of brown coal of 370 million tonnes;
—and to make increasing contributions to a stable supply with drinking and industrial water by means of more intensive hydrogeological studies.

In the interest of improving the citizens' working and living conditions, the tasks of environmental protection are to be closely linked with the rationalization and modernization of the national economy. It is to be ensured that the highly economical use of material and energy, low waste, and the recycling of valuable materials are reached in production through the modern efficient methods and technologies.

The projects to reduce sulphurdioxide emissions are to be carried out purposefully.

In 1989 the following—among others—economically important environmental protection projects and measures are to be carried out:

—flue gas desulphurization in the Berlin-Rummelsburg heating and power station;
—equipment of further steam generators with flue gas desulphurization equipment in the Karl-Marx-Stadt Nord II heating and power station;
—neutralization of the flue gas produced by the drying of potassium fertilizers in the VEB Potassium Enterprise, Zielitz;
—pilot plan for thermal afterburning in the VEB Laminated Plastic, Bernau.

In water management, measures must focus on ensuring a stable, good-quality supply of drinking water to the population, the innocuous removal of waste water, and on ensuring the necessary development work for the housing program. In 1989, it is to be guaranteed that at least 200,000 citizens receive a hook-up to the central water supply and at least 90,000 citizens receive a hook-up to waste-water removal and treatment facilities.

Measures for the economical use of water are to be aimed at the further absolute reduction of water input in industry and of process-related water losses. By expanding waste water purification plants and increasing the recycling of valuable materials, a further reduction of waste water pollutants is to be achieved.

The tasks for economically guaranteeing national defense and internal security and order are to be fulfilled responsibly.

Order and security are to be ensured in all sectors in the national economy and in every town and village. The measures fixed to improve health and labor protection and to prevent accidents, fires, break-downs, and other disturbances are to be implemented consistently.

4. The tasks for the further expansion of socialist economic integration with the USSR are to be implemented in accordance with the results of the working meeting of the general secretaries of the SED Central Committee and the CPSU Central Committee in Moscow in September 1988 and with the existing agreements and contracts on cooperation in the fields of science, technology, and production and on mutual deliveries. The further deepening of socialist economic integration with the CEMA member states focuses on cooperation in the key technologies, in particular in the field of microelectronics, with the aim of reaching top-level achievements and ensuring the exchange of high-quality goods. Direct relations between the combines, enterprises, and institutions of the GDR with the partners in the USSR and in the other socialist countries are to be used in order to expand cooperation in the field of production intensification and rationalization and in application of modern technologies and cooperation in research and production to achieve high efficiency.

On the basis of the annual protocols with the USSR and the other socialists states on mutual goods exchange, it is to be ensured that the obligations incurred are fulfilled while strictly adhering to the contracts.

With this, preconditions for realizing the planned purchases of raw materials, fuels, modern equipment, rationalization equipment, and technical and other consumer goods for the population are to be established.

Economic and scientific-technological cooperation with the developing countries, is to be developed according to plan and for mutual benefit, while taking into account these countries' specific desires for deliveries and purchases.

Trade and economic relations with the capitalist industrial countries are to be further expanded—while consistently observing equal rights—in order to strengthen the economic foundations of the safeguarding of peace.

It is necessary to guarantee stable sales and to react flexibly to market requirements.

In 1989, foreign trade turnover is to be developed as follows:

	1989 as a percentage of 1988
foreign trade turnover, total	to 103.6
of that:	
exports	to 104.3
imports	to 102.9

Exports of products of the metal-processing industry are to be raised as a priority matter.

II.

With the 1989 National Economic Plan, the qualitative factors for the further economic growth, in particular through the comprehensive application and economic utilization of the key technologies, especially microelectronics, are to be enforced more effectively. The input-output ratio is to be further improved. A total of 20 percent of the national income growth is to be achieved by reducing unit production input.

1. In all combines, enterprises, cooperatives, and institutions high economic results are to be achieved with the lowest possible input, and the available material and financial funds are to be used with the highest possible efficiency.

For this purpose, the following targets have been set:

	1989 as a percentage of 1988
—reduction of prime costs in the sphere	
of the industrial ministries	by 1.3
of the Ministry of Construction	by 1.7
of the Ministry of Posts and Telecommunications	by 0.8
of the state-owned agriculture and foodstuffs industry	by 0.4
of the Ministry of Trade and Supply	by 1.2
—reduction of material costs in the sphere	
of the industrial ministries	by 1.5
of the Ministry of Construction	by 1.8
of the state-owned agriculture and foodstuffs industry	by 0.4
—increase of net profit in the sphere	
of the industrial ministries	to 117.4
of the Ministry of Construction	to 122.2
of the Ministry of Posts and Telecommunications	to 105.1
of the state-owned agriculture and foodstuffs industry	to 107.1
of the Ministry of Trade and Supply	to 106.4

2. The proportion of production input in the total product is to be reduced through higher refinement of the raw materials, other materials, and energy sources used, and further progress in the economical use of materials and energy is to be made. For this purpose:

—in metallurgy the proportion of the production of refined ranges in rolled steel production as a whole is to be raised in line with the demand and the technological requirements from 85.0 percent in 1988 to 88.2 percent in 1989;

—in crude oil processing in the chemical industry the proportion of light products is to be raised from 70 percent in 1988 to 73 percent in 1989, and utilization of the raw material is to be increased from 25.5 percent in 1988 to 25.7 percent in 1989.

By raising the production of biotechnological products and by applying biotechnological methods, goods production has to be increased by M620 million in 1989.

3. The following targets are to be reached in the economic use of scientific-technological results:

	measuring unit	1989
—saving of man-hours through measures of scientific-technological progress		
national economy, total	million hours	610.0
of this, in the industry ministries sector	million hours	427.5
in the construction industry	million hours	49.9
—raising the production volume of newly developed products in industry to	percent	105.5
—raising the production of products with the "Q" quality mark in the national economy to	percent	108.1
—saving of important materials through measures of scientific- technological progress		
rolled steel	1,000 tonnes	465.1
aluminum	1,000 tonnes	7.3
copper	1,000 tonnes	2.5
cement	1,000 tonnes	246.6

In 1989 a total of M13.6 billion will be used in the national economy to develop science and technology.

4. In all fields of the national economy highly economical use of energy and materials is to be enforced in 1989, and the unit input of transportation is to be reduced.

The following targets are to be reached:

measuring unit	1989
—reduction of energy use in the economy by percent	3.0
—reduction of unit input of rolled steel in the metal-processing industry by percent	6.5
rolled steel in the construction sector by percent	4.5
cement in the construction sector by percent	3.0
—reduction of unit input of transportation in the national economy by percent	3.0

The reuse of secondary raw materials and industrial waste products in the enterprise and national economic cycle is to be increased to 34.3 million tonnes.

5. In 1989 investments of the national economy are fixed at M76 billion, including M15 billion for the investment state plan. In 1989 13,500 CAD/CAM work stations are to be established in the national economy, and 15,991 industrial robots are to be additionally employed.

The following economically important facilities from the investment state plan are to be put into service in 1989:

—for 3.1 million circuits in the VEB Clockworks, Ruhla;
—for 59 kilotonnes of cold strip in the VEB Cold - Rolling Mill, Bad Salzungen;
—for 250 tonnes of combed top for manufacturing yarns for the production of outerwear fabrics in the Leipzig Wool Combing Works;
—for 1.6 million square meters of wall tiles and 1 million multi-purpose tiles in the VEB Tiles and Sanitary Ceramics Combine;
—for upholstered furniture worth M44.7 million in the VEB Interform, Greiz;
—for 1.1 million boys' trousers in the VEB Children's Clothing, Oschersleben;
—for cutting machine-tools worth M14.8 million in the VEB Union Machine - Tool Factory, Karl-Marx-Stadt;
—for 100 kilotonnes of ammonia in the parent company of the VEB Agrochemistry Combine, Piesteritz;
—for 5,500 tonnes of chlorine rubber in the VEB Ammendorf Plastic Works.

The use in terms of time of important production equipment is to be developed as follows:

measuring unit	1989
in plant-intensive branches of basic material industry as hours per a whole calendar day	18-20
in processing industry as a whole hours per calendar day	17.4

Inhouse production of branch-specific rationalization equipment is to be increased to 113.8 percent in the sector of the industrial ministries.

The scientific-technological innovation processes are to be closely linked with the comprehensive application of scientific organization of labor. About 300,000 workplaces are to be restructured or newly established in line with labor-scientific requirements, and work hardships are to be reduced for 126,000 working people.

III.

In order to improve the people's material and cultural standard of living according to plan, the following tasks have to be fulfilled on the basis of raising the performances and efficiency of the national economy:

—Through new construction and modernization in housing construction

measuring unit	1989
apartments to be completed, housing units	212,200
among them: newly constructed apartments, housing units	107,775
modernized apartments, housing units	104,425
including: construction of private homes, housing units	11,705

In 1989, M9.3 billion are to be used to implement comprehensive housing construction.

The performances of the enterprises for building repairs to apartment houses and for modernization are to be raised to 104.0 percent in 1989, compared with 1988.

—In order to further improve the citizens' living and working conditions, the following has to be completed in the GDR capital city, Berlin, and in the bezirks in 1989:

	apartments, housing units	places in nurseries	places in kindergartens
Berlin	30,130	2,234	6,786
Cottbus	8,880	285	456
Dresden	21,400	684	1,674
Erfurt	12,970	1,050	1,242
Frankfurt (Oder)	7,980	144	774
Gera	9,240	255	864
Halle	19,900	554	1,494
Karl-Marx-Stadt	24,910	614	1,080
Leipzig	19,000	504	1,458
Magdeburg	17,750	428	1,152
Neubrandenburg	6,600	407	432
Potsdam	11,450	270	1,164
Rostock	10,040	378	1,422
Schwerin	6,200	162	504
Suhl	5,750	300	306

—An increase in the personal, disposable income of the population to 103.5 percent.

In 1989 performance-oriented basic wages and salaries are to be introduced for another 557,400 working people in 1,009 enterprises on the basis of new tables for basic wages and salaries, in connection with the comprehensive application of scientific organization of labor. With this, work income is to be further raised in accordance with the increasing performances of the individual and the work collectives.

In implementation of the proposal presented at the 11th FDGB Congress, another important raise in pensions is to be implemented as of 1 December 1989.

—In the field of supplies to the population an increase in retail trade turnover to 104 percent is to be reached.

	1989 as a percentage of 1988
increase of supplies of products for the population from industry to	104.2
increase of selected products for the population:	
radios	117.3
color television sets	104.3
men's and ladies' watches	109.3
hand and floor vacuum cleaners	103.8
storage water heaters and boilers	101.8
hand tools	105.6
household sewing machines	123.2
household refrigerators and freezers	102.6
bicycles	102.5
textile floor coverings	102.8
perfumes and cosmetics	105.7
hosiery	105.7
knitted underwear, nightclothes, and knitted sports clothes	103.3
knitted outerwear	102.1
training clothes	109.2
of these:	
for children	111.9
men's outerwear	104.5
ladies' outerwear	105.1
outerwear for boys and girls	102.6
household linen	105.8
leather and fine leather goods	107.6
household porcelain	102.2
furniture and upholstered goods	107.1
engine fuel	102.7
photographic and cinematographic films in color	107.5

—Services and repairs for the population are to be further increased.

The following targets are to be reached:

	1989 as a percentage of 1988
increase of services and repairs for the population to 104.3	
including:	
fine laundering to	102.0
tailoring of custom-made clothes (including alterations and repairs) to	104.2
photographic services to	103.6
car maintenance services for the population to	107.9

—In the public education sector the following facilities have to be created by new construction and renovation:

1989	
classrooms	2,164
places in kindergartens	20,808
school gymnasiums	150

In 1989, 176,000 young people will graduate from the general polytechnical secondary school and 19,000 from the extended general polytechnical secondary school. The socialist state guarantees every graduate the opportunity for qualified training.

—In order to strengthen the capacity of the economy, the required number of future skilled workers is to be ensured within the fixed structure of the professions. In 1989, 135,900 graduates, including 10,450 with university entrance exams, are to be admitted into vocational training and trained as qualified skilled workers in line with the plan targets in the branches of the national economy.

The local councils, combines, and enterprises of industry, the construction sector, the transportation sector, and agriculture have to fully guarantee the fixed targets of vocational training.

—In the university and technical school sector, 70,900 students are to be admitted into university or technical school studies in 1989, including 52,200 students for direct studies.

The following facilities are to be newly built or renovated:

1989	
places in lecture halls and seminar rooms, and places for studying	4,500
places in dormitories	620

—For medical and social care for the population the following facilities are to be established by new construction and renovation:

1989	
workplaces for mobile doctors	286
stomatological workplaces	146
pharmaceutical workplaces	76
places in nurseries	8,269

1989	
workplaces for mobile doctors	286
stomatological workplaces	146
places in retirement homes with nursing stations	4,049

—In the recreation sector the following tasks have to be fulfilled:

1989	
vacation trips of the FDGB and the enterprises	5,100,000
establishment and renovation of places in FDGB recreat[illegible] homes	[illegible]

The GDR Travel Agency organizes 1,100,000 trips to foreign countries within the framework of tourist travel to other countries.

—For the development of the athletic-touristic and intellectual-cultural life of young people, the following tasks have to be fulfilled in 1989:

The FDJ "Jugendtourist" Travel Agency is to organize more than 2 million trips at home and abroad for the GDR's young people.

Renovation and modernization of 31 central pioneer camps is to be continued according to plan.

In 15 pioneer camps renovated structures are to be handed over for use during the 1989 summer vacations.

Within the framework of comprehensive housing construction, 28 youth club facilities with 3,507 places are to be established in 1989; using agricultural facilities and with support from the Peasants' Mutual Aid Association and the Association of Consumer Cooperatives, another 34 youth club facilities with 3,415 places are to be established.

—For the development of physical culture and sports, the following facilities are to be completed and put into operation through new construction and renovation:

1989	
sports facilities	125
including: indoor swimming pools	8
gymnasiums	7
sports grounds	66

—In the field of socialist culture and arts, 6,500 different books with a total of 145 million copies are to be published and 20 million records, tapes, and music cassettes are to be provided. In the 40th year of the GDR's existence, the Bad Frankenhausen Peasants' War Memorial is to be handed over to the public within the framework of the events honoring Thomas Muentzer.

In order to improve the creative conditions of graphic artists, the Schoeneiche statue-casting facility will be completed in 1989.

The GDR Council of Ministers is ordered to lead the implementation of the 1989 National Economic Plan and to check on its fulfillment. It has to make sure that the necessary decisions to safeguard the proportionate and structural development of the national economy according to plan are made in time, in order to reach a dynamic development of national economic growth and of productivity and efficiency in all fields of the national economic reproduction process.

National Assembly Opens Session on Reform

Miklos Nemeth Addresses Meeting

LD2012130488 Budapest Domestic Service in Hungarian 0925 GMT 20 Dec 88

[Address by Premier Miklos Nemeth at 20 December National Assembly session—live]

[Text] Esteemed National Assembly:

In the history of Hungarian parlimentarism, periods like the present one are rare when the legislation arrives at decisions considerable in number and great in significance, and when the time taken over them is very short. At the previous session I thanked you for your confidence. Not counting that, this is the very first time I have addressed the esteemed house. The occasion is provided by my intention to state the reasons for the next step in the reorganization of government work and the proposition for the amendment necessary for this. By right of being the first speaker, and taking into consideration the significant economic and sociopolitical implications of the reorganization, I also would like to mention the government implications connected with this subject. Naturally, I will not attempt to do this with a view to an all-embracing program, since I could only do that as the premier of a new government. The government in this case is not new; it is only the premier who is new.

Esteemed house:
It has been hardly more than a year since the National Assembly approved the government's working program with regard to stabilization. Implementation has proved a much tougher task than we first thought. When selecting our targets, the past and present viewpoints and the interests of the various social strata were not clashing as sharply as they are today. However, there is no time for delay; decisons must be made, even if this means social conflicts and restrictions are forced on us by circumstances and temporarily interfere with our long-term goals.

One of the main characteristics of the present situation is that the social and economic reforms, previously thought of as being two separate issues, finally are progressing hand-in-hand. However, the speed of progress is significantly different in each of the two areas. For a long time the reform was restricted to the economy. Nowadays, though, the process has widened and what is more, it has accelerated so much that the reform of the political institutional system, social democracy, and the unfolding of publicity accompanying all this, present us with the very real danger of the processes getting out of hand, with social destabilization as a result. It is my conviction, however, that we can avoid this danger not by arresting these processes, but only by widening the road for progress, regulating it, and arriving at a public agreement based on entirely new bases, such as political pluralism.

It is the government's conviction that the vast majority of our society, our compatriots, react to the challenges of our day by joining forces to promote social and economic development and, in general, adopting an eager attitude. At various historical crossroads we have seen our country fall on occasion, and the easy explanation for that was tempting: we were alone; we had been left on our own. What is more, it was outside forces that brought about our failures. We cannot say that now. The international political situation is favorable; the most powerful nations of the world are supporting our initiatives. Thus, it is up to us to see if we can turn our situation round and gain the upper hand over our problems. This is why we have to fulfill the duties we have undertaken. Conflicting ideas, the loss of values, the temporary loss of faith in our political and state institutional system cannot result in nihilism. Earlier mistakes must not be followed by inertia and waiting for miracles. We must not forget that the positive international evaluation that makes us so rightly proud and has such great significance for us is based, to a very great if not decisive extent, on our predictability, reliability, and our internal political stability. In such a situation the government can be given room for maneuver by public faith, largely represented and manifested by you, esteemed deputies.

A peculiar contradiction of our political system is mirrored in the relationship among the party, government and National Assembly. We believe in necessity of the party's not interfering directly in the work of the government. When our party and government are no longer monolithic, like they were in practice for decades and were engraved on public opinion in that way, then a profile of their own with relation to their special role must be formed. A new system of relations must be set up and a new way of working formulated. of working formulated.

From another aspect, we have face the task of interpreting the concept of the ruling party. In such circumstances the confidence of the deputies, which can be strengthened by, besides the results, the consistency and credibility of the government, has an increased role in providing parliamentary support for the Council of Ministers.

I have to raise the question: In the present situation, when the changes are almost impossible to calculate, when decisions are determined by circumstances from very many aspects, can the government realize every hope, can it fulfill every expectation? However much this may be desirable, I can only give a negative reply.

Because of the difficulties which have accumulated over the decades, in this rapidly changing world it would be a mistake for the government to feed such expectations. I promise you, however, that we shall be determined in our resolutions and consistent in the realization of our fundamental goals. We shall promise less and fulfill more.

The government works under the control of the National Assembly, but it cannot hand over the responsibility of governing. This is what you should call us to account for, and it is this that you should base your trust on. Otherwise, the machinery of government cannot function and the disfunctions of its operation will be suffered by society.

Esteemed National Assembly: In what follows I would like to justify the draft bill on amending Law No 7 of 1987 listing the ministries of the Hungarian People's Republic. The Council of Ministers recommends that the National Assembly should abolish the Ministry of Construction and Urban Development and the Ministry of Transport, and should establish a new Ministry of Transport, Telecommunications and Construction.

The recommended change is closely connected with the structure of governmental direction, its changing methods and style. There is more involved, therefore, than reducing the number of ministries. The modernization of governmental direction is being pursued on the basis of a carefully thought out program, which was debated in several stages. The goal is the development of an independent, single-tier, and uniform government responsible for the whole of state life, the development of a government which accords with the requirements of a market economy, which is one of the centers of the formulation of political, economic, and social-policy strategy, and also an effective tool for implementing the highest political and state decisions.

I know that I am now submitting a concept for reorganization to the esteemed house toward which certain reservations can be observed. I met with such reservations in the construction and transportation committees of the National Assembly; however, it can also be felt in public opinion and, what is more, why should I be silent about this, inside the administration as well. Thus, I would like to speak about this in more detail.

There are grounds for these reservations. Looking back on the past 4 decades, everyone considers that there were too many reorganizations, particularly because the majority of the reorganizations failed to achieve the desired results. Often it was personal antagonisms that were in the background of the reorganizations, while in other cases they tried to substitute for the thorough analysis of the situation by actions of this kind and there have been occasions when the reorganizations served as an escape from tasks previously undertaken.

I do not regard it as my task to draw up a balance sheet regarding the reorganizations. It can, however, be stated for certain that the effectiveness of governmental work did not increase as a result of the reorganizations to the extent to which the economic and social policy tasks and the transformation of the entire system of political institutions required. Unfortunately, not only the distant past but also the recent past provides examples of insufficiently thought out and prepared reorganizations. Why should we be silent about this? The organization of the recently established new ministries was not free from certain mistakes, either.

The only thing that can justify looking back is to search for the reasons behind the mistakes and to learn how to avoid those mistakes in future. The essential thing is the reformulation of the decisionmaking process in order to make social participation and acountability have their effect when judging decisions and arriving at decisions as well as when we arrive at implementation.

Another argument of the doubters about the planned step is that the government, in a hard situation with occasional touches of crisis anyway, worsens its situation by beginning a new restructuring process. It creates uncertainty when it should bring about quiet and well balanced working conditions. It is obvious that these steps are risky: They are touching upon existential matters and they do not always have a beneficial effect on the atmosphere in general.

In spite of all this it is my opinion that we should continue the already started administrative reorganization and should take further steps in the near future, even exceeding the present proposals. This is because the requirements of the administration's work are changing. Changes in the quality, organization, and the style of governmental work are especially urged by stabilization, unfolding, and the various tasks of modernization in this country.

Two requirements are especially significant in government bureaucracy. These are: expertise, and the ability to calculate. In countries where the government works successfully, this is always the result of selective mechanisms conveying strict expectations which result in highly qualified administrations with considerable stamina, being the organizers and leaders of their own field. Alas, this does not yet describe the present situation, but this is our aim. The aforementioned administrations are surrounded by organizations specific to certain well-defined roles and operating on social bases. Thus, governmental decisions are arrived at on a wider basis, involving the available intellectual potential. At the same time, this clears the government of certain tasks of an operative nature, the kind that can also be dealt with on a social basis—not to mention the fact, that in the case of such decisions the possibility of creating a concensus is much bigger.

Esteemed Deputies: At the present stage of the modifications and transformation of governmental leading-methods, organically following the previous steps taken in that direction, the time has come to form an integrated governmental management of regional and settlement development, construction, transportation, and telecommunications. At present, the central management of regional and settlement development is multichannelled. It is under the control of many governmental bodies and supreme authorities of ministries. The tasks are distributed between the National Planning Office, the Ministry of Finance, the Ministry of Construction and Urban Development, and the Ministry of the Interior. This makes the organization and management of regional development very clumsy, indeed, and it also inhibits the unfolding of council autonomy.

A number of hypothetical solutions have been worked out to remedy the problems resulting from this dividedness. These have also been debated. The result of all this was the view that the best solution seems to be to unite, within the framework of the Ministry of the Interior, council management and the state and government managing of regional and settlement development. One of the beneficial aspects of this solution is that, because of integrated central management there is going to be a much more direct relationship between local and government levels than ever before.

It is a task of the Council of Ministers to determine the distribution of work between the governmental organs interested in the field of reigonal and settlement development. By 30 April next year we shall evolve a concrete system of relations and division of tasks. I would like to stress that the creation of the new organization does not simply mean that the present construction and urban development ministry's section dealing with regional development has been moved to the interior ministry, but a complex regional and settlement development governmental organ will be created within the interior ministry, and thus multichannel direction will, in essence, cease.

As a concomitant of the outlined measures there is also a need to regroup the central tasks of community services, of housing, and of locality management. Among these, several will also go to the Interior Ministry. In our judgement these organizational measures adequately prepare the transformation of the Interior Ministry into essentially a domestic political and public administration ministry. We wish to connect all this with a significant decentralization, with transferring a good proportion of the tasks hitherto performed in the framework of central state administation to regional and local councils.

As an organic consequence of the concepts, most of the tasks of regional development and community services, as well as housing and locality management, will break away from the construction and urban development ministry, and thus its independent maintenance is not justified. In this decision we also have to take into consideration that earlier decision according to which, in 1-2 years, a company court will see to the legal supervision of enterprises, instead of the branch ministries. Therefore, in the course of the organizational modernization, we wish to create new types of economic branch ministries suited to complex, so-called professional functional direction. This supports the strengthening of the strategic all-governmental outlook in the short-term, and the subbranch interest representing viewpoints. In this way the minstries can become real governmental organs, which, analyzing and evaluating real processes, will give professional backing to the government's functioning.

It was on the basis of these arguments and efforts that the proposal arose to merge into one ministry the administrative direction of the ministries of transport and construction. Although part of the transport ministry's activity diverges from the tasks of the construction department, there are nevertheless areas which are very close professionally. To the bigger unit which is thereby created in the area of the producing infrastructure, the central, state administrative direction of the post and telecommunications services can also be linked. Because by now it can be unequivocally stated that the steps taken earlier to reorganize the Hungarian Post Office did not achieve the expected result; what is more, the decision was faulty, with all certainty.

The contradictory situation whereby the Post Office is at the same time an organ of state administration and an enterprise, cannot be upheld even on a principled basis, and it also hinders the development of the Post Office. Apart from this, it would be very necessary, and it seems in recent times that there is a possibility for it as well, that we should involve foreign working capital for developing a determined sphere of the services performed by the Post Office, above all for the telephone services. .At present, however, the equivocal situation of the Post Office deters those who show an interest. Therefore, our intention is that in the future the Post Office should clearly function as an enterprise organ. We consider this to be a model solution to be followed in every area where the citizens avail themselves of services, but where today they still find themselves confronted with an authority. The realization of this, however, is only conceivable gradually, for we should be guided by the objective that the reorganization should cause only the minimum of unavoidable disruptions in services.

As a first step, from 1 January 1989, the state administrative tasks of the Hungarian Post Office's center and its president would be assumed by the new ministry and its leader. After this, still in the first half of next year, after the adoption of the new bill on the Post Office, the gradual transformation of the Post Office structure, the organizing of the enterprises could take place. A possibility for this could be provided by the creation of several enterprises, share companies, or other managing forms. Therefore, we propose integrating the governmental direction of transportation, telecommunications, and construction. For this reason it is justified that from 1 January the Industry Ministry should assume direction of the Industry of Construction Materials that are of an industrial nature.

As I have mentioned, the Council of Ministers wil determine the precise division of spheres of influence by 30 April 1989 in concrete and detailed manner.

Esteemed National Assembly: The government wishes to carry out structural changes only in such places and to such extent where and to the extent that it can thereby support from the organizational side, the new working style suited to the new demands, the more effective governmental work. Any organization can only work successfully if everybody in its does his own work and completes it.

We have to take seriously the decentralization which has already been implemented legally. Our strength is frittered away if the new owners of the relinquished spheres of influence do not assume their own responsibility and if they continue to ask the government for standpoints. If we do not change this, then the government may work feverishly, but it will have no time or energy left for governing. The assertion of ministerial independence and responsibility is a fundamental precondition for the government becoming one of the strategic centers of the country's direction.

The government must become, instead of a Council of Ministers representing partial interests, a Council of Ministers holding the interests of all of society in view. The recommended organizational measures represent a significant contribution to the realization of the concept of modernizing governmental work, which will be followed by further measures in the spheres of functional economic management and state control next year.

After all that, parallel with the reform of the Constitution, a central governmental system will form itself that will be capable of fulfilling the tasks of the new central administrative organization, according to expectations. This administration cannot be alienated from society, but it has to serve the harmonious cooperation between government and society. By changing the organizational conditions of administration work we intend to create the possibility of real social participation and that of having a say.

To achieve this, we have to make the distribution of tasks more transparent—a basic condition of democratic participation being the orderliness of administrative work, and the clear and well-defined separation of tasks and areas of responsibilities. This is where we really have to make order, using the principles of rationality, expertise, and responsibility. To this belongs governmental professionalism, committment, and moral stature that is capable of consistently pursuing the aims; in other words, one that can perform a service that is characterized not by the bureaucratic properties of cases for their own sake but the concord of governmental and social aspirations so, the aim is to create such a serving power. In other words, it is the conditions of administrative work that have to be formed in such a way that they should well serve the realization of the targets of building the society and the economy.

Another, also long-term, principle of the governmental reorganization is for it to be able to encourage market-building together with autonomous communal organizations as well. I am convinced that we have to include and involve in governmental work the energies for self-creation displayed by these communal self-organizations. In the long term we are counting on the democratic, self-organizing interest-representation of society, the changing of the role of the National Assembly on the basis of the sovereignty of the people. Administrative work is related to this process through local authorities. Manifesting interests in an emphatic way is not only tolerated by us, but we expect it and we are preparing for all this by rationally segregating central administrative functions and strengthening central power.

In the present circumstances there is no apparent unity between governmental and societal aims. This also makes the stabilization of regulations very important. The widespread social criticism, according to which blossoming of enterprises and representation of interest can only happen if regulators are immobile and predictable, must be regarded as valid. We do not intend to follow the ideal of the nonaligned state, with its liberalism, which merely gathers its strength in order to create the rules of this game for society. In our governmental policy we substitute nonalignedness with national commitment. This means that the government does not merely observe autonomous attempts at the realization of interest by society but it is trying to integrate these initiatives as regards aims shared by both the government and society. On the other hand, the government is not neutral either in the sense that it is carrying out the program of the MSZMP, a program that expresses interests which are pansocial in nature. We are not neutral either in the sense that we count on the support of the party as a social force. We want to emphasize national commitment also by following the best traditions of the 1,000-year-old state and the formulation of local governments and modern law and order. National commitment, of course, implies the social commitment of the government.

Last but not least, national commitment also includes giving effect in politics to moral values such as noble competition, honor, conscience, and decency. We are trying to introduce a high moral standard as part of governmental philosophy which would govern not only the work of the administration but also the cooperation of government and society. Here I have to emphasize the need for committed action. I would like, therefore, to make it very clear that we are not neutral either regarding moral values. Nor are we one-sided. We demand decency; we prosecute corruption; but we are supporting and protecting those whose decency is being challenged without reason by forces that wish for the destabilization of power.

In the modern society it is unhealthy and dangerous if politicians, experts of the administration, teachers, agricultural experts, members of the Academy, doctors, can detach themselves from the organized force of the opinion of the so-called laymen, that is—the people, the consumers. That is, if they are not forced to compromise. Therefore we wish to widen the actions and the publicity of governmental decisions and their social accountability because this is the only way for us to restrict the influence of the lobbyists, the influentalists, and so on.

Esteemed National Assembly: I do hope that I have managed to convey the idea that our proposals on the modification and transformation of governmental leadership far exceeds mere structural modifications. The aim is for them to serve the increasing effectiveness of leadership and its democratization and the formation of the national-front-quality of governing in keeping with current changes touching upon the very core of exercising power. Thus, they lead toward a socialist society resting upon a solid national front which operates effectively and which organizes itself in a democratic way.

I would like to ask the esteemed National Assembly to accept the modification of the bill listing the ministries of the Hungarian People's Republic, 1987, 7th Amendment. Thank you for your attention.

Villanyi Outlines Budgetary Problems

LD2012163288 Budapest Domestic Service in Hungarian 1036 GMT 20 Dec 88

[National Assembly address by Finance Minister Miklos Villanyi in Budapest—live]

[Text] Esteemed National Assembly: First of all I ask the forgiveness of the esteemed deputies for the fact that they received the draft state budget for 1989 not a month before the plenary session but only with some delay, and thus some committee sessions had to be held without the draft. There cannot be an excuse for this, only an explanation, and please permit me to explain it.

The problem arose not only because the law on enterprise profits tax was adopted at a lower rate; the plan for next year's budget to be discussed now wishes to provide new solutions for a new system of interconnections. There is a tremendous and constantly growing pressure on the government to provide new extra revenues, while the economic and political limitations are constantly becoming stronger. There is a great demand on citizens, on enterprises, and on the budgetary institutions alike for tax reductions, for increasing exemptions, supports, and expenditures in general, while the resources that can be distributed are becoming more restricted because of the constant level of the national income and the interest burden from growing foreign debts.

Beside the decreasing standard of living, the population finds the measures aimed at rationalizing the economy less and less tolerable. At the same time, as a result of the political opening, the tensions which hitherto remained below the surface have emerged into the open.

You discussed at the last session a report on implementing the government's program for stabilization, the guidelines for economic policy next year, and its goals. The debate in November overwhelmingly urged the reduction of subsidies and of defense expenditure. The deputies recommended that the drop in the standard of living should be smaller and the compensatory social policy measures should be greater. I could go on listing the observations from the November session which have influenced many of the draft budget targets. Thus, everything, including the very rich material of ideas which you put forward regarding economic planning for the year 1989, adding to the burdens of the financial system and the budget, had to be manifested in the budget within a week and a half, while at the same time ensuring that we should not endanger the already vulnerable internal and external financial equilibrium, and our social and political stability. This required hard and coordinated work.

As compared to the information given at the November session, on the basis of the agreement reached at the session with the National Trade Union Council the central wage fund has been increased by 2.1 billion forints to more than 4 billion forints. This has been done in order to increase the salaries of workers in the health service, in education, and in the dissemination of knowledge. The excess compensatory social insurance contributions burdens the budget by 800 million forints. Because of an increase in pensions of more than the planned 360 forints per month, the social policy package has increased by 1.4 billion forints.

As a result of raising the taxation threshold to 55,000 forints, 5 billion forints of extra revenue wil be given to the population. Thereby real wages will drop not by 6 percent but by 4-5 percent, and real incomes per head not by 2 percent but by 1 percent. Thus, next year in total we shall be able to consume as much as this year.

In this case, however, that which favors the population is missing from the budget. What is more, we are talking of a significant sum, a revenue of approximately 9-10 billion forints.

Clearly the government has not decided this way regarding distribution that it should take away with one hand from the population what it has given to it with the other. Thus, in the wake of the debate on the enterprise profits tax, the task was not merely to replace the 12 billion forints centralized revenue tax, which corresponds to 0.5 percent, but, beyond this, also to replace a further 9-10 billion forints' worth of resources.

It is a very important supplement to this that the various programs of liberalization—in the spheres of imports, wages, prices—in addition to their expected favorable effects, also contain a considerable degree of uncertainty, and a danger of over-distribution.

The population cannot be expected to save any more than they did this year. Our foreign creditors, seeing the magnitude of the already high debts, are expecting us to reduce our debts. We do not plan to increase inflation beyond the level of this year; rather, if possible, we would like to reduce it. Thus, even with everything going well, all that we could plan is that the budget deficit in 1989 will amount to around 20 billion forints, which can be expected for this year.

This is 5 billion forints less than we calculated in November. We also had to create the sources for the interest supports carried over from 1988, amounting to 12 billion forints. To summarize what has been said so far, we had to find within a week and a half an economically and politically acceptable solution for a deficit reduction of 38 billion forints, within a budget which in any case contained a great deal of tension.

We have prepared a budget which is not a routine one, which is not even in every respect [word indistinct] the reform, but which is a crisis-managing budget. It also contains selective points for breakthrough and may thus give rise to more than the usual amount of debate. This has already occurred at the sessions of the county groups of deputies and National Assembly committees. However, it is perhaps no exaggeration to say that preparations for next year's budget were accompanied by an unprecedented interest by society.

The state budget or its deficit cannot be individually evaluated; they can be judged only within the context of the external equilibrium. If we cannot stop the increase in our foreign debts in line with our plans and have to cover them from credit, we put an even greater burden on our children—though the foreign debts that have been raised in general did not become part of the budget revenues.

Two things already affect the budget deficit which is becoming a chronic one: the burden of servicing these debts which must not be covered from the budget, and the debts themselves, which were raised to facilitate our exports to the developing countries—these debts arise from the World Bank credits raised by the state.

The budgetary overspending, together with the spending of enterprise revenues and the income of the population, have increased the domestic utilization of revenues beyond viable limits. It was only possible, and it is still only possible, to cover this by drawing on foreign sources. Thus, in total the international and domestic debt accumulated up to the present manifests itself as a state debt of almost 500 billion forints. This figure relates to the end of 1988.

Merely the interest on this, together with the repayment obligations due in 1989, minimizing the service of debt, amounts to 33 billion forints.

In the process of indebtedness we must order ourselves to halt, even independently of the international monetary world. An organic part of this halting process is the fact that the budget deficit should not exceed 20 billion forints next year.

Many people have asked me that if during the critical period of Hungarian economy and politics, it is now possible to reduce the supports, defense, and administrative expenditure, then why did the government not come forward with these proposals 1 month ago? My answer is this: We proposed increasing taxes, compared to 1988, because the enterprise incomes, mainly because of the higher- than-planned producer prices, will this year exceed the demands. At some enterprises, as a result of the 1988 tax reform transition, unjustified extra incomes have resulted. Apart from this it has to be stressed that the tensions created by the new solutions are not slight either. As a result of an imperfect domestic market the dismantling of support could lead to price rises, and thanks to certain production equipment not being utilized it will increase the danger of unemployment.

The reduction of defense expenditures, for example, has made necessary international coordination, and the reexamination of our military policy. For this reason the dismantling of support also has, in the short term, a rational limit and tempo.

Before I move onto the specific connections of the 1989 budget and the various variants, allow me to highlight only two of the most important connections from among the characteristics of this year's financial processes: the development of enterprise incomes and the interest support of housing loans.

This year the enterprises' profit from price inflation is considerable, because the producer price level at the time of the price and tax reform transition at the beginning of the year—as I have already mentioned—did not go down but went up. This only added to the fact that the export support connected to this, in rouble relations, increased. From the bigger enterprise income, naturally budget takings are also bigger, but not by so much as the supports exceed the plans. The incomes therefore, in their entirety, have become decentralized to the enterprises, and this is so even if the extra incomes do not in every case meet with our structure transformation objectives.

As for the population's deposit interests, it has not yet become sufficiently widespread in public awareness that in 1988, in the case of long-term savings, real interest have been realized—in other words, that interests have kept pace with inflation. Amid market conditions, it is earnings deriving from interests on loans which constitute the source of deposit interests and the profits of the banks. In our country, however, 90 percent of loans are concessional housing loans at 0-3 percent interest. Thus, the difference between market and concessional interests burden not the users but the budget and so all pay for it.

Therefore, the answer to the budget deficit, which differs from the plan, is fairly simple. One only has to take the income owners. If the situation abroad, and that of the population, develop at a level close to the plan, then the above-plan budget deficit appears as surplus income in the hands of the managers.

The end of the year is here. We now know almost for certain that unfortunately the budget deficit is nearly 20 billion forints. Thus we are forced to make use of the 10-billion forints reserve. This can be partly ascribed to the fact that automatically increasing expenditures have increased by over 5 billion forints, and the predetermined alarm figures, as I have already said at the previous session, increased by almost 1 billion forints. The surplus takings have only partially been able to cover the interim living standard policy and other measures, and the extra interest support aimed at increasing savings by the population. I ask the esteemed National Assembly that, in the knowledge of these things, it should assent to utilizing the 10-billion forint budget reserve.

Esteemed deputies: Going on to the 1989 budget, and if possible not repeating what was said in November by the chairman of the National Planning Office, I will highlight four of its main features. First: Domestic and international public opinion alike expect us to safeguard the country's solvency, stabilize our economy, and to make a significant advance on the reforms in practice. One of the points of the advance is that certain knots in our economic management should be untied. From 1989 onward prior import permits will cease in 40 percent of convertible import, and within this in almost the full range of investment goods. Special salary regulations, and together with this the special progressive enterprise taxation of wages and salaries, will practically disappear. The increase of wage costs will be burdened only by the linear tax in accordance with the profit tax code. Insofar, however, as the increase of wages does not exceed 50 percent of the increase of added value, no tax at all will have to be paid. Therefore, the efficient managing organizations will be able to increase their wages tax free. The budget organs will also be able to freely decide how much they can spend on wages if they can regroup saving for this.

Direct intervention in price development will diminish and the role of the market will increase in price processes. A precondition of this is that state interventions should decrease in market processes and at the same time market competition should strengthen. The rise of the producer price level will be higher than this year—some 9.5 percent on average according to the plan—but our enterprises can and must do a lot to ensure that it should be less than this. Within this the industrial producer prices will rise by some 8.5 percent on average, agricultural purchasing prices by 12-13 percent, and that of the infrastructure by 12 percent.

What does this mean for the budget? In 1989, with the liberalization of imports, wages, and prices, and with the simplification of enterprise prescriptions, we shall take a big step ahead on the path of reform. Coupled with a renewal of our system of political institutions, which is also underway, these steps are expected to lead to tangible results in the near future. In the short term, however, the risks of this are not negligible either. A larger than planned import could endanger the requirement that the debt stock should at the most increase to $450-550 million. An outflow of wages not based on performance would increase inflation. Only if we pursue a strict, consistent, budgetary and monetary policy will liberal management not endanger our international solvency and bring about faster structure transformations through strengthening competition conditions.

The 20 billion forint budget deficit still satisfies this demand. I will say straight away that even in the case of the most carefully compiled budget it can happen that the real and the expected processes diverge from one another. Prices, for example, to a large extent depend on enterprise intentions and practice. Neither can it be precluded that the population's consumption will deviate from the prescription. In such and similar cases, the government must have at its disposal a flexible store of tools in order that it might react to influencing the undesirable economic processes.

One such tool is the granting of loans, and within the framework of this, interest policy. If a discrepancy comes about—as a result of the decentralization of enterprise incomes or in the investments—then first and foremost and fundamentally, enterprise purchasing power will have to be curbed with a more forceful interwage dismantling of producer supports. The remaining supports, generally, are also to be considered as a tool of demand management in the hands of the government.

The second main feature of next year's budget is that we do not intend to place as big a burden on the population as this year, when consumption went down by 2.5-3 percent. We plan to plug the gap appearing in the budget balance by reducing expenditures that do not directly affect the population, and, in accordance with the submitted variations, with varying degrees of enterprise deductions.

Third, we shall create a planned balance of the budget in 1989, in several versions, rather by reducing supports than increasing deductions. The Council of Ministers has made a decision on a 4-year program of support reductions. We have earlier placed at the deputies' disposal the main endeavors and directions of this. One of the main obstacles to asserting market conditions today is the many kinds of support. It is enough to intervene, with the tool of support, at a single point in the producer-consumer chain, and already the prices are no longer capable of orienting production in accordance with the real market conditions. If the enterprises' system of decisionmaking is built on distorted prices and incomes proportions, then the production structure will stay as it is or it will change in the wrong direction. Large-scale enterprise support necessarily has to be accompanied by large-scale enterprise deduction. The way out of the vicious circle is to reduce supports. This operation of course is not painless. I have already alluded to the tensions connected with it.

Beside the interest asserting campaigns of the various lobbies, the determining of the correct scale poses a problem also because the supports by now are concentrated in a few areas which affect the population's basic consumption—foodstuffs, transport, domestic energy, rents, drinking water and canalization services, and rouble exports.

To demonstrate these I will highlight three areas. The supports linked to food production account for 40 percent of all supports. For 1989 we are planning to abolish 9 billion forints' worth of producer support, which will cause a 5-6 percent purchasing price increase, within the aforementioned total purchasing price increase. A proportion of the support reductions cannot be passed on to the prices. Agriculture will have to offset some 700 million forints by increasing effectiveness. On the other hand, even then, both in absolute terms and relative to other products, the prices of foodstuffs will increase.

Some 20 percent of total supports will go to branches and enterprises where production costs are not at present covered by the takings but whose activity is definitely necessary. Such is the support Hungarian State Railways, coal mining, air and water transport, book publishing, film production, and the (?cinematographic) enterprises. In 1989, with an average 15 percent producer price increase of coal, the subvention of coal mining will at the same time go down by 4.4 billion forints. Thus we will have to put an end to the existential uncertainty of Hungarian mining; here, too, we shall have to assert the principle that we must only produce where it is still profitable. This can be a starting point which will also make unequivocal the fate of the plants. For this in 1989 a further two or three production units will have to be run down, shut down, and production halted.

In CEMA relations, the financial bridges cannot be eliminated without developing the prevailing accounting conditions. Unfortunately this cannot be expected in the near future.

However, everyone must reckon with a gradual and consistent reduction of subsidies. There is another problem in that we are forced to reduce exports since our partners do not have enough products to countervail an improvement in trade terms that would be to our advantage, and which we could make good use of here at home, and since we cannot make deliveries in credits.

I am not betraying any secret if I say that as a consequence of this decision some of our large enterprises, which mainly export machines, will end up in a difficult economic situation next year. The reduction of defense expenditures also affects this process.

What increases the pressure is the fact that this relates to more than one large enterprise of considerable importance and good reputation. Many open and private letters will be written. I ask you, and public opinion, in the interest of our recovery, that there should be consensus in conducting this structural transformation which shapes our future, in [word indistinct] the most recent losses, and that we jointly try to push back the forces that want to hamper rational measures.

We already know, with the 40-billion forint tightening of financing of ruble exports, which enterprises wil end up in a difficult situation. What we ask is that, in the interest of survival, instead of begging from door to door, the enterprise management should have an idea of how to alter its profile, how to employ its workers, and how to market its assets which have become superfluous.

Since enterprise workers cannot do anything about losing out, social solidarity demands that both government and the affected enterprises should have a strategy to shape conditions for their future work. That also is why, in 1988, the financial rehabilitation organization paid out 5.5 billion forints, together with the 4.2 billion forints which had been spread over from the previous year, while we plan the use of only 3.5 billion forints for 1989, as against subsidies of 2.8 billion forints.

These, to a large extent, are next year's obligations stemming from this year's financial rehabilitations—payments made to the Mecsek, Tatabanya, and Nograd coalmines, and to the Ganz engineering plant. The barometer of market relations dictates that, in the future, recovery should be accomplished not with state assistance, but out of the enterprises' own resources, with the application of intellectual energies. Naturally, money is necessary for recovery, and also for rational liquidations. However, access can be gained to this by judging the market, and primarily through the banking system.

The fourth main feature of the 1989 budget is that cutting back the budget institutions that carry out basic social policy tasks must be halted. Higher education and research, which lay the foundations for the country's future, will thereby receive support from the funds provided for targeted development. It is characteristic that the projected budget expenditure per regular student will increase by more than 35 percent. If we take into account the rise of prices and other things, this increase is considerable.

We shall also apportion larger amounts for public education, health and social institutions, judicial and prosecuting organizations, and culture, which have been cut back over the years. However, the real value of support for defense, administration, and other spheres which have not been mentioned will decrease considerably. I mention separately that next year we shall devote 4.1 billion [units not specified] for raising the lagging wage levels of workers in education, health, and culture, and also for raising shift and overtime pay. Shift and overtime pay will increase by some 30 percent as from 1 January.

The wage policy measures will be implemented in health and culture in the first half of the year, and in the case of teachers, by the time the new school year begins.

Esteemed house: The government submits to you, in three versions, the measures necessary to achieve the 20-billion forint deficit, as earlier justified, of the 1989 budget. All three versions are based on the considerations outlined earlier. However, the emphasis of the measures in the various versions is somewhat different, and thus, the effect of these varies concerning the production sectors, and naturally, concerning the consumption spheres affected by reduced subsidies.

A large proportion of this is regulated by laws. The government, in the event of a lack of resources, does not have a free hand to increase income-centralization, apart from some smaller special regulations. You alone can decide on this. That is why, as one possible solution which can be chosen, it proposes contributions to a home-financing fund, dividends in proportion to state ownership, and a supplementary tax to be paid on enterprises' results in 1989.

As follows from its name, the home-financing fund is merely a financing concept. It serves to overcome the disproportions which emerged in the past. There will be no additional state resources which can be distributed for housing purposes because of this. At present, the stock of housing credits at preferential interests is greater than 280 billion forints. The obligation stemming from the difference between what is paid by the population and the market interest rate, which in 1989 will be 42-43 billion forints, would heavily burden the budget. The rate of contributions to the home-financing fund would be to share the burdens between the budget and the enterprises.

Of course, it would be expedient if this were repaid by those who are given concessions. The proposed solution will partly alleviate the burdens on the enterprises, via direct payments into the fund. The burden of the home-financing fund in all three versions is 57 billion forints, and in all three versions the sources are some 9 billion forints in personal income tax to be paid on interest on people's deposits, and the expected issuance of 6 billion forints in securities. In the first and the third versions, the economic units, while making accounts (?amidst) their costs, will pay into the fund a contribution equivalent to 16 percent of their previous year's profits—according to our calculations this will be some 30 billion forints—and the budget will pay 12 billion forints into the fund. In these figures we have already taken into account figures, that enterprises can hold back 400,000 forints, the total amounting to 4-5 billion forints, for housing support for young people acquiring their first home. This, compared to what was envisaged so far, would be an extra resource on the housing market.

In the second version, the economic units do not directly contribute to the home-financing fund. The budget's burdens are 42 billion forints, and there would be no special preferential treatment for acquiring first homes.

In 1989, there would be an alteration in the financial conditions of those awaiting homes in that the social policy allowance would rise, in the case of 2-children families, from 150,000 to 200,000 forints, in the case of 3-children families from 400,000 to 600,000 forints, and from 50,000 to 100,000 forints for further children. On the other hand, the credit that could be claimed would increase, and support for repaying housing credit would be introduced. The support, in the case of childless families, would be 30 percent of the obligatory credit repayment. In the case of one child it would be 40 percent of this, in the case of two children it would be 70 percent, and in the case of three and more children, it would be 80 percent. The support would be halved after 5 years. All this burdens not the home-financing fund, but the central budget, by 11.5 billion forints.

Altogether, examining the joint effect of houseprices and housing-policy measures, it can be established that alongside an enormous, and growing state and enterprise acceptance of burdens, the financial conditions taking shape will improve the situation of families with two—and especially three, or more—children, who are gaining housing.

The justification for dividends in proportion with state assets would be given by the ventures, operating in the form of companies, having to pay dividends and shares out of their taxed profits to the founders, and only being able to devote the profit remaining after this to development.

In order to secure the oft-mentioned sector neutrality, therefore, it would not do any harm to bring closer the conditions between companies, enterprises, and cooperatives operating with state assets. According to our calculations, the cooperatives should pay into the budget an amount based on the state assets they possess as of 31 December 1988, not including the part which is reduced by investment subsidies, that is—3.5 percent; at the most this will be 40 percent of their taxed profits. This would amount to approximately 22 billion forints in total.

According to the second submitted variant, ventures would pay a simple supplementary tax on their results from 1989. This would apply exclusively to next year, and according to calculations, it would result in revenues of 15 billion forints from those paying entrepreneurial profit tax, with the application of the concessions valid there. The tax is set at 6 percent of profits. Cases where the proportion of foreign participation reaches 20 percent of the founding assets or 5 million forints would be exempt from paying tax.

As regards the emphasis now present in the variants, the first variant is built fundamentally on the increase of budget revenues; the other two variants also reckon with the further reduction of subsidies and expenditure. None of the variants is perfect; all have undesirable effects.

The first variant basically means the survival of pre-existing processes. (?Cautiously), it makes a proposal for reduced subsidies, reduced expenditure of educational, protection, social organs, and increased withdrawal of enterprise income with the introduction of the housing finance fund and the dividends payable on state assets. Its effects would be to raise income centralization by almost 7 percentage points, to 69 percent. This variant has the smallest political conflict aspect. However, from the point of view of resurgence, this is the least favorable solution.

The second variant, because of the larger restriction in subsidies, is unpopular, particularly in ruble relations, but it signifies a measure in focus with our efforts. Unfortunately, the near 3 billion forint reduction of mostly infrastructural investments is a measure which intersects the reform. It corresponds to the demand backed by public opinion that, in this variant, subsidies to defense and other armed bodies will be reduced by almost 5 billion forints, and the support to social organs by 0.7 billion forints. Forty percent fewer reservists will be called up; those facing their entrance exams to higher education will not be called up at all; military exercises will be reduced; the organization of the ministry will be modernized.

The administrative cost expenditure of the central and county council apparatuses will be reduced by 1 billion forints. Here, the purchasing power of the disposable funds will be reduced by a further 10 percent, since the first variant, too, did not guarantee cover for wage rises or for the price rises appearing in direct expenditure.

At the same time, the educational, cultural, research, health and social spheres will continue to be maintained. The financial possibilities of the other budgetary institutions, with the exception of environment and nature protection, water management and maintenance of roads and bridges, will also be reduced by 10 percent, or 1.7 billion forints, as compared to the first variant.

However, it cannot be guaranteed that the deficit remains at the desired level. Thus the necessary budget revenue would be compensated by a single tax levied on the results of 1989.

The proposal was not governed on the government's side by considerations of prestige. In this variant, we compensate for the missing 5 percentage point entrepreneurial profit tax by a reduction in subsidies. But only the supplementary tax can meet the demands for further increases in the population income and for the improvement of the budget balance. Along with this, income centralization next year will also be reduced by 2 percentage points compared to this year's level.

The third variant is built up from the combination of the first two. It contains all the reduction in subsidies which is part of the second variant, and the burdening of the enterprises would be represented by the contribution to the housing-finance fund. This variant, too, signifies that one of the greatest tension-causing factors of next year's budget is the interest support on low interest loans taken up earlier for apartments. At the same time, this variant, too, offers the possibility for a 400,000-forint benefit for young married couples at enterprises to acquire apartments. In this variant too, income centralization is reduced by 2 percentage points.

Esteemed deputies: In my report I touched on the questions of the policy on living standards and next year's social policy measures only as far as directly related aspects are concerned. I did not speak about the measure of great importance which, according to the bill in front of you, would result in the separation of social security from the state budget, whereas if I were to evaluate this latter from the short-term perspective, I could say that it was a factor damaging the 1989 budget position. Comrade Csehak [Minister of Health and Social Affairs], who will submit the bill, will also speak in this connection, and as the person responsible for social policy, naturally will also acquaint you with the social policy package plan. I would only like to emphasize that in 1989, even if the expenditure planned for humanitarian aims cannot satisfy the maintenance of real values for every single pensioner, every family with children, the health, educational, and cultural spheres, it will be able to guarantee an operating capacity. This, alongside the planned budget deficit, is no small achievement.

The new system of requirements of the economy necessitates the introduction of the unemployment benefit. The source of the benefits will be guaranteed from the employment fund by the budget in 1989. Naturally, we will not continue to renounce that the aim is not to give benefits, but to create profitable workplaces and retraining. And, in such a way that we bring the economy into a situation, we create an interest in the regulations in which, with the reduction of loss-making ventures and activities, the transformation of the structure and the improvement in efficiency also improve.

On personal income tax, I would only say that this will be discussed on a later agenda point, that in accordance with our earlier promise, in 1989, the individual local councils will get a share of the personal income tax in proportion to the ratio that the tax of those living in the area represents of the sum made up nationally. Since we do not yet have data to (?tabulate) this, we propose that the National Assembly incorporate into law the guarantee for the fulfillment of 98 percent of the planned income tax revenue for the local councils. At the same time, we also propose that if the surplus is in excess of 4 percent, then that should be at the disposal of the state budget.

I ask that, when making your decision on the bill for the 1989 budget, you take into account that the aim of the country and its government can only be to reduce the existing tension, and not to further increase them. I believe that with more effective work, adapting better to market conditions, with further sacrifices, with the national consensus desiring stabilization, we will be capable of preserving our international solvency, and guaranteeing acceptable living standards for the socially deprived strata. The proposals for 1989 can be viewed as the minimum requirement of the stabilization program.

The demand has been often heard in the committee debates that we should speed up the budget reform. This is the government's intention, too. The budget reform, however, cannot be introduced overnight. Its implementation has begun with the tax reform, the separation of social security, the subsidy reduction program, and the significant reduction of the constraints of budgetary economic activity. By 1990, the new economic activity order of the councils, the reform of social policy and housing management, the new experimental order of the economic activity, and financing of the budgetary organs can be prepared. It is essential that we reach a consensus that by overcoming individual, political, and economic ambitions we can be capable of formulating the 1989 budget assisting the stability of the country, relying to an increasing extent on our own efforts.

I ask the National Assembly to debate the bill on the 1989 budget submitted by the government, then, choosing the most suitable of the proposed variants for measures, to accept the law. Thank you very much.

New Ministry, Personnel Changes Made

LD2012125988 Budapest Domestic Service in Hungarian 1030 GMT 20 Dec 88

[Report on 20 Dec National Assembly session, with contributions by National Assembly President Stadinger, an unidentified clerk, an unidentified deputy, and an unidentified correspondent—live]

[Excerpts] [Passage omitted] [Stadinger] Esteemed National Assembly: Now follows the passing of a resolution. Those who accept the draft law submitted for an amendment of the 7th law of 1987 please vote by raising hands. A visible majority, thank you, but we shall count those against it and those who abstain. Who is against it?

[Correspondent] [Passage omitted] It appears that it has been decided that a ministry of construction, transport and telecommunications is to be created. Twenty-one votes against have been counted altogether, and if I see things well, perhaps there are more abstentions than that. You might ask who will head this new ministry? The National Assembly will decide on this in the framework of a separate agenda point.

[Stadinger] Esteemed National Assembly: I proclaim the resolution—the National Assembly accepts the draft law on the amendment of the 7th law of 1987 with 21 votes against and 54 abstentions. Esteemed National Assembly: Now follow the personnel proposals. I announce that the Presidential Council has submitted a proposal to the National Assembly on relieving certain members of the Council of Ministers and on the election of a new minister. I ask my clerk to read out the writ.

[Clerk] To the Hungarian People's Republic's National Assembly, Budapest: The Hungarian People's Republic's Presidential Council, in agreement with the MSZMP Central Committee and the Presidium of the National Council of the Patriotic People's Front, proposes to the National Assembly that, with validity on 31 December 1988, it relieve Laszlo Somogyi, minister of construction and urban development, Lajos Urban, minister of transport, with recognition of their merits, owing to the modernization of government work; that it elect Andras (Derzsi) chief director of the chief transport directorate of the Executive Committee of the Budapest Council, as minister of transport, telecommunications and construction. Signed Bruno F. Straub, president of the Hungarian People's Republic's Presidential Council; Imre Katona, secretary of the Hungarian People's Republic's Presidential Council.

[Stadinger] Esteemed National Assembly: We shall first take a stand in the matter of relievings: Those who agree with the relieving of Lajos Urban, minister of transport, with recognition of his merits, please vote by raising their hands. Yes, thank you. Who is against it? [passage omitted] Thank you. Who abstained from voting? [passage omitted]

Esteemed National Assembly: I proclaim the resolution: The National Assembly has relieved Lajos Urban, minister of transport, with recognition of his merits, with 37 votes against and 40 abstentions. I ask the National Assembly that those who agree with relieving Laszlo Somogyi, minister of construction and urban development, from this post, with recognition of his merits, please vote by raising hands. [passage omitted] I proclaim the resolution. The National Assembly relieves Laszlo Somogyi, minister of construction and urban development from this post, with recognition of his merits, with 59 votes against and 40 abstentions.

Esteemed National Assembly: Now the time has come to elect the new minister. [passage omitted] Esteemed National Assembly: I ask that those who agree with the election of Comrade Andras Derzsi as minister of transport, telecommunications and construction, please vote by raising their hands. Thank you. Who is against it? [passage omitted]

Esteemed National Assembly: I proclaim the resolution—the National Assembly has elected Comrade Andras Derzsi minister of transport, telecommunications and construction, with 25 votes against and 115 abstentions.

[Correspondent] Someone is asking permission to speak in the hall.

[Stadinger] If my fellow deputy wants to make a comment in connection with this, I hand over the floor. [passage omitted]

[Unidentified deputy] Esteemed National Assembly: I should like to propose that we repeat the voting; I counted the sectors separately, and in my view there were not this number of abstentions. That is why I ask for a repetition.

[Stadinger] Esteemed National Assembly: It is a very important issue, and there have been several comments regarding the counting of votes—even things with a suspecting nature. If there are such comments, it is better if we repeat the voting. [passage omitted] Our fellow deputy was right. The second counting, as opposed to the original 115, resulted in 128 abstentions. However, the National Assembly resolution has not changed. I therefore proclaim the resolution, that the National Assembly elected Comrade Andras Derzsi minister of telecommunications, transport and construction with 25 votes against and 128 abstentions. [applause] We shall greet Comrade Derzsi as new minister after he has taken office.

Esteemed National Assembly: I announce that owing to his age and social engagements, Comrade Gyula Kallai, chairman of the constitution preparing committee, has asked to be relieved from his post and membership of this committee. I also propose that this request be fulfilled. I ask the National Assembly whether it accepts Comrade Kallai's request. [passage omitted] Esteemed National Assembly: I establish that the National Assembly has relieved Comrade Gyula Kallai from the post of chairman, and from his membership of the constitution preparing committee, at his own request, with one vote against and one abstention.

Esteemed National Assembly: I propose that Istvan Gajdocsi, the committee's previous secretary, be elected committee chairman. [passage omitted] I establish that the National Assembly has elected Dr Istvan Gajdocsi chairman of the constitution preparing committee, with 1 vote against and 20 abstentions.

Second Day of Assembly Session Begins

LD2112104688 Budapest MTI in English
0911 GMT 21 Dec 88

[Text] Budapest, December 21 (MTI)—The second day of the December session of parliament started on Wednesday morning. The agenda includes the debate of:
—Bill on the 1989 budget and the related bills,
—Bill on the dividend paid on state-owned property used by companies,
—Bill on the housing fund,
—Bill on the supplementary tax payable on the 1989 profit of companies.

Present in the chamber were Bruno F. Straub, president of the Presidential Council, Karoly Grosz, general secretary of the HSWP, Miklos Nemeth, chairman of the Council of Ministers, and other members of the Political Committee, the president of the Central Control Committee and the secretaries of the Central Committee.

At the initiative of Alfred Schoner, chief rabbi (national list), the Speaker Istvan Stadinger proposed the National Assembly forward a telegram of condolence to the Supreme Soviet of the USSR expressing its sympathy with the victims of the earthquake in Armenia. The MP's approved the proposal.

Correction to Grosz' Comments on Reforms

The following correction pertains to the item headlined "Grosz' Attitude Toward Reforms Viewed," published in the 20 December East Europe DAILY REPORT, page 39, column 1: Paragraph one, sentence one:...[Excerpt] [Passage omitted] Crucial developments are...(supplying editorial notation)

Orzechowski Previews Party Plenum Guidelines

LD1812222488 Warsaw PAP in English
2039 GMT 18 Dec 88

[Text] Warsaw, Dec 18—Before the upcoming PUWP CC 10th Plenary meeting, scheduled to be held Dec 20-21, the Polish TV news reporter tonight asked Political Bureau member, PUWP CC Secretary Marian Orzechowski, for a brief comment on the guidelines for the plenary, which have been co-authored by Orzechowski.

We are not hiding our heads in the sand: We do not deny charges against party activities, we are trying to answer them, Orzechowski said. The guidelines are exactly such a trying to give a coherent answer, to formulate what could be called sort of a minimum of ideological and political order. They are a proposed Polish path to socialism for today, at the end of the 20th Century, and after the experience we have gone through in the recent time. The guidelines leave not a single important question, pervading the party and society, without an answer. Mind you, we regard these answers as open. We finish with the bad tradition where the party leaders and the Political Bureau from their height professed certain wise things to be accepted by everybody. These are open proposals for discussion.

The party does not instruct: It only shows ways to solve problems. The guidelines are an invitation to discussion, extended to party members and all who are not indifferent to the affairs of the state. Let me stress that consistency in action will be a crucial point. If we take up necessary activities today, we can expect a better tomorrow, Orzechowski said in conclusion.

10th PZPR Central Committee Plenum Begins

Jaruzelski Addresses Plenum

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[Address by PZPR Central Committee First Secretary Wojciech Jaruzelski at the 10th PZPR Central Committee Plenum—live]

[Text] Comrades: I am opening the deliberations of the 10th PZPR Central Committee Plenum. This session is being held during a period of breakthroughs. This is not the same Poland as 10 years, 5 years, or even a year ago. The climate of political animation and the process of deep transformations in all areas are an expression of a new quality in our nation's life, and at the same time of a new chapter in the activity of our party.

We are not starting in the middle of nowhere. Since the second half of 1980 we have been following the path of socialist renewal. The program line of the ninth extraordinary congress which was reiterated and extended at the 10th congress, the resolutions and actions undertaken as a result of the sixth, seventh, and eighth plenums, are both an unquestionable proof of our credibility and an already strong and indestructable foundation for further reforms.

We can be proud that our party, which has undergone such hard, or even dramatic trials, managed to work out, present, and implement in social reality a realistic and rational program of such deep transformations in the political and economic system. The socialist renewal is neither a younger sister of the Soviet perestroyka, nor a defense manouver in which social tensions are being faced—as in the early eighties—nor a result of pressures from the West. It is fundamentally a Polish concept of general restructuring of all spheres of social life. Once and for all we have deleted the Polish version of the brief Stalinist course of the history of the WKP [All-Russian Communist Party of Bolsheviks]. In the future historians will certainly note the internal and external obstacles which one had to overcome in order to formulate, defend, and implement our program. It aroused serious doubts in various parties and in various capitals. I remember it well. Today, we are acting in new conditions, based on an already solid construction of our own reformatory achievements, as well as within a broad stream of restructuring being put into reality in the Soviet Union and in other socialist countries.

The understanding, trust, and friendship shown by the CPSU and personally, by Comrade Mikhail Gorbachev, are exceptionally valuable for our efforts today. In past years, operating in exceptionally difficult circumstances, we have done a great deal. It is still too little, however, in relation to social expectations and real needs. It must be stated in self-criticism that the 10th congress resolutions are not being implemented quickly and effectively enough, and also, (?the work of the party is) changing a little too slowly. Activity in the economic sphere, connected to the second stage of reform, was sluggish, and certain solutions were flawed.

The Central Committee made this judgement at our seventh and eighth plenums. The consequences of the decisions made at this time are already visible in the dynamism of the government's actions, directed by Comrade Mieczyslaw Rakowski.

The time has now come for more comprehensive and fundamental changes. Society assesses us not by our intentions, after all, but by their realization. We are fully aware that most of the cares of working people are concentrated around the material sphere. We have acknowledged as expedient, therefore, for Comrade Wladyslaw Baka to present certain aspects of the economic situation today, and the conclusions stemming from them. Nevertheless, the 10th Plenum is devoted, above all, to the subject of the party in transformation, transformations in the party.

With the authorization of the Politburo, I recommend as the basis of our discussion the published theses and the report which will be presented by Comrade Marian Orzechowski. Both these materials are an attempt at a new, more expansive look at these issues. It takes into account many opinions of members of the Central Committee and also the views expressed in the discussion taking place in the party and in society.

Certainly, not everyone will be satisfied. Not all the statements contained in the theses will gain full approval. We have, however, moved away from a liturgical form of work. We treat differences of opinions and views as a natural and even valuable thing. This is because they enrich our common knowledge, they make us sensitive to mistakes, they lead to better solutions, in effect, especially to their coordinated, disciplined implementation.

And it is precisely this which is the most important thing today. The Politburo considers that during the second part of our plenum proposed for the middle of January next year, relevant solutions and decisions will be clearly formulated and will be reflected in the resolution adopted.

Comrades, every turning point causes unavoidable revaluations in people's views. The shaking of many of the circumstances on which already the third generation of members of the PZPR bases its political convictions may often create the impression of confusion or uncertainty. Views are reaching us that the party is capitulating, making a pact with the opposition or with opportunism, with a lack of dogmatism. But accusations are also made with the same frequency that the party is slowing down the pace of change, that it holds on like grim death to obsolete formulas and dogmas, and cultivates the remnants of Stalinism. There are more than 2 million of us in the party. It would be strange if among so many politically and socially active people of various generations there are not those whom one can accuse of this or that. The party, unfortunately, has a protective vaccination against various kinds of fevers, not necessarily typhoid. We, therefore, state quite decisively that the PZPR is and will remain the key political force of socialist Poland. We will not change the system principles for destructive and deceptive trinkets. We do not agree to direspect for the authentic achievements of People's Poland. But we will remove with the same decisiveness what has grown obsolete; we will continue the reforms, enrich our ideology, and pursue everything which is in line with the spirit and realities of the time, which really has an influence on the vital interests of the working class, of the working people.

We declare most emphatically at the same time that there is no return to the chapters of history which have been irreversibly closed. We will root out all the remains of Stalinism. Condemnation of the crimes and due commemoration of its victims by overcoming everything which is contrary to the humanistic and democratic premise of our ideas, that is the political and moral order. The traditions of socialism, in all its complexity and diversity, in all the progressive and patriotic currents of our history—today we choose those experiences, thoughts, and views which really serve the nation. After all, not everything which is effective is by the same token socialist.

However, whatever is inefficient and does not serve the working people is not socialist in essence. More and more often, a question arises in our ranks, in various milieus: Can the party as a whole stand up to the transformations which it is itself initiating? Is it organizationally, ideologically, and politically prepared to perform its function effectively in a changing state and society?

Let us say this clearly and without understatement that a paradox and, in the long run, dangerous contradictions have arisen, between the role of the party as a real inspirer and organizer of avantgarde transformations in Poland's life, and its sluggish structures, outdated style of work, and insufficiently boldy aired theoretical backup.

This is precisely what we are going to deliberate about: What and how should things be done from now on so that the reformatory course can be restarted and stimulated by the party, so that its functions and structures, as well as its style of work, can be compatible with the modern model of the socialist state, so that men can talk to men in organizations and echelons as often as possible. As rarely as possible should they communicate as bits of paper to bits of paper, so that no basic party organization will feel like a lost appendix to a hierarchical structure, so that the party will be open in the broadest way to opinions of its coalition allies, as well as to persons and milieus which are not members of the party, so that it can finally destroy the damned wall dividing it from a considerable part of the younger generation. The party buildings, including the Central Committee headquarters, must be fundamentally different from offices. They should pulsate with life and also be open during the so-called off-duty time for various meetings, discussions, interesting events, attracting ambitious young people in particular. Our elder comrades and veterans should regard the party buildings as places of warmth and sincerity.

Do we intend to carry out a kind of a coup in the party? Yes, it can be described in this manner. Do we intend to create a new PZPR? Yes, when referring to organizational changes and the manner of acting. No, when referring to its aims and ideological identity.

New times demand new work methods, a new approach, to speak graphically, we must shed old skin so that it does not hamper new growth. It is often acknowledged even by those who do not regard themselves as Marxists that working people, the whole nation, needs a strong healthy party, fully aware of its responsibilities, such that, in today's circumstances, it is capable of inspiring and building a kind of federation of the Polish left. May 100 different roads lead to the party or come close to it; may each one strengthen the patriotic forces of common sense and progress.

Comrades, we are struggling to reach an accord and struggling in the interests of accord. This is not just a rhetorical phrase. Both of these concepts require, above all, what is defined as political imagination. It would be undignified for a great political party to make advances to communities which are reluctant and unfriendly toward us, to advertise the process of our own internal restructuring. On the other hand, however, a party which operates in a new way, efficiently, will undoubtedly promote the process of national accord more dynamically.

There are no taboo subjects. We are open to bold quests and unconventional, compromise solutions. We are giving numerous proofs of restraint and goodwill. Everything, however, should have its framework. Paraphrasing the well-known saying that better is the enemy of good, it may be said that the maximal is the enemy of the realistic [as heard]. In particular, we must never allow destruction of social peace, destabilization of the socialist state, paralysis of economic reform, or dissension among the working class.

Past as well as recent experience shows that these are not vain, groundless fears. No sensible people can just live in the past. We must write a new chapter in Polish history. The Building of a national accord is at an extremely important point, one could call it a turning point. As you know, comrades, in public speeches I generally try to avoid personal references. But this time I neither want to nor can avoid them. Some accuse me of introducing martial Law, others, of bringing about the roundtable meeting. Recently I said in the Sejm that without the solutions of 13 December [1981] and then without the results that renewal has brought over the last few years today, there would be no such far-reaching and realistic dialogue offer. I maintain this view. Saving the country in an extreme situation by using extraordinary methods and strengthening it by building accord is not a contradiction but a coherent, logical thought and action in the name of peace in Poland and its development. That is the superior objective which should bring all Poles closer together.

Esteemed comrades, the task ahead of us is enormous. Its success, as previously announced, requires serious, personal reconstruction among the party leadership. The Politburo hopes that the Central Committee will approach the proposed actions with understanding and by making the appropriate decisions will thereby create the conditions to enable the party leadership to carry out the tasks before it. We see this as a way of creating a normal smoothly-operating mechanism of rotation and change which is compatible with political ethics. However, in the future, future planning and more institutionalized action are necessary. In pursuance of this I propose that the Central Committee submit appropriate assumptions to the national delegate conference.

Comrades, difficult situations, crossroads and turning points always raise the temperature of discussion. That is a proper and useful phenomenon which is simply vital for the party.

I am convinced that the 10th plenum will go down in the annals as an important event not just initiating new work methods but first and foremost as a manifestation of the party's profound maturity in the face of the country's new political and social situation. Poland's interests are our only objective. We shall spare no effort in doing this.

Comrades, we prepared long and thoroughly for today's plenum. Information and consultation meetings took place twice. At the latter of these meetings the comrades were familiarized with the draft theses of the Politburo report to the 10th plenum which were subsequently published in the press. A significant contribution to the preparation of this material was made by the problem commissions of the Central Committee, especially the Ideological and Intra- Party Commission. The comrades also received [words indistinct] in our documents of conclusions from the party-wide—and I also hope nationwide—discussion of the published theses, the Politburo confirms the proposal for the following procedure and order of our proceedings:

The plenum is to be organized in two parts. In part one, as I have already announced, we will hear a speech, a report delivered by Comrade Marian Orzechowski and a report delivered by Comrade Wladyslaw Baka. Then we will begin the discussion. During the course of this we envisage a speech by Conmrade Mieczyslaw Rakowski, chairman of the Council of Ministers. At the end of the proceedings we shall return to the topics discussed in the morning.

Tomorrow, 21 December, we will continue the plenary discussion.

The second part we propose to organize somewhere between 10-15 January next year, summing up in it the party-wide discussion of the theses and adopting the 10th plenum resolution. This will provide an opportunity to address a number of issues broached in the party-wide discussion of the national theoretical and ideological conference which should take up these problems, extend them, and develop them.

Do comrades accept the proposed procedure and agenda for the 10th Central Committee plenum?

Those in favor of the proposed agenda?
Thank you. Those against?
I see none. Thank you. Those abstaining?

I see none.

I declare that the agenda for the 10th plenum has been adopted. In view of that I would ask Comrade Marian Orzechowski, member of the Politburo and secretary of the Central Committee, to present the Politburo report: Party Reform—A condition for the Success of the Strategy of Renewal and Reforms.

Orzechowski Speaks to Session

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[Speech by Marian Orzechowski, member of the Politburo and secretary of the PZPR Central Committee, to the PZPR Central Committee Plenum in Warsaw on 20 December—live]

[Text] Comrades, fundamental changes are needed in the PZPR—this is the basic conclusion and commitment resulting from the lively discussions and arguments both in and outside the party. We must not shirk these reforms. Delay or superficiality would only increase loss of confidence, restrict the party's influence, and impair its ability to lead the working class and all society.

What should be changed and how? How should the party and things around it be restructured to achieve basic progress? When searching for an answer to these questions one must reach to the roots, to the fundamentals of the events and processes which are taking place.

Three areas of problems should be critically revaluated. First, the main landmark defining the ideological and political identity of the party—Its interpretation should be brought up to date in relation to the dynamics of changes in Poland and on the international arena; second, the place and role of the party in the state and society in conditions of the far-reaching reform of the system of order and government as well as great changes in production relations; third, the inside of the party, the structures and ways that it functions. The present model of the party is going through an explicit crisis and does not guarantee and achieve sufficient and effective action under the new conditions.

All this signifies the need to define the PZPR's contemporary political and social mission which is relevant to the challenges and realities of the end of the 20th century, and the application of principles, structures and forms of action to it.

The attempt to promote the shape of the Polish road to socialism today, the place and role of the party in the reforms of the state, the economy and public life as well as the directions of the reforms within the party itself, form the guidelines of the Politburo for the 10th plenum. This diverse and at the same time open document forms a convenient starting point for general discussion within the party and outside it, as well as for necessary decisions and practical measures.

The guidelines are only a proposition. Reforms within the party can only be the work of the whole party, the result of collective reflection and activity by the entire organization.

The guidelines have not only been the center of attention among party members for several days. So let me emphasize just some of the most important questions.

Creating socialism is a work of historic dimension, spread over the lives of whole generations. We are only at the beginning now. Socialism is only one stage in the development of human civilization, toward freedom through socialization and by making human life more human. There are, and there can be many roads to socialism, but the issue has always been for the people to feel at ease in it both economically, politically, and spiritually. So modern socialism is then the objective of our aspirations; socialism which is socially rational, and which links high productivity and economic effectiveness with humane values. In the process of creating such socialism the party is guided by firm landmarks. Its structure is subjugated to the hierarchy of supreme values and not to principles of the organization of the state, economy, and social life which have been predetermined for once and for all. We discuss this in detail in the theses.

Taking up and deciding on four important issues in the light of new conditions has become necessary today. First, we must define the principles and forms of the new political leadership of the party in the socialist state. We talk openly. The party is the ideological and political authority, not the administration or the management. This means striving for the complete renunciation of the arduous replacment or duplication of organs of state authority. The Politburo finds it necessary to make a clear, and above all, effective division of political authority from the executive one; a division of the functions of the party from the functions of state bodies in the system of implementing authority; a more precise definition of the issues which should be examined and taken up by the Central Committee Politburo, as well as the rules of its relations with the government and the parliamentary PZPR.

The future fundamental act, the Constitution, should defne the operating rules for the system of the PZPR and other parties, create a framework for broad coalition in the state and for the social representativeness of the elected bodies; ensure strong bases for democracy in the electoral law; define rules and principles of the functioning of social organizations which, respecting the principles of the political system, aspire to exert influence on discharging of state authority; define in a more specific way the position and role of the party, so that it can be constitutionally assessed and controlled. The Politburo will examine and approve a new and comprehensive concept of the work of appropriate Central Committee departments and the Secretariat with party members who hold the leading posts in the central state apparatus—a concept which includes the system of their selection, an increase in their qualifications, and the verification of assignments. A new Central Committee Secretariat resolution concerning the role and tasks of basic party organizations in ministries and central offices will be worked out.

What, then, is the philosophy of the new political leadership? Representatives of the party, directing its program, together with their allies, are working out the directions and program of the functioning of the state in representative bodies. Only a decision by the legislative authorities will make this binding on the executive authorities. The leadership answers for the implementation of adopted decisions to the Sejm or to the people's councils, and within the framework of these institutions, also to the party. This indicates the need for a fundamental rise in the status of the PZPR Deputies' Club and of teams grouping party members in representative bodies. The duty of the party is to strive to guarantee the real and not the declared superiority of the basic institutions of Polish democracy, the people's councils, over administration, and to decisively react to its every diminution. Teams of PZPR councillors are the main source of influence of party echelons on the activity of the people's councils. All party echelons should treat the realization of the spirit and the letter of the amended law on the people's councils and territorial self-government as their elementary duty, and be concerned about its enhancement with indispensable legal, organizational, financial, and also, new political customs.

The political leadership also reflects personnel policy. There is room for all constructive social forces in personnel processes. The party will consistently create equal chances for people with different world views and opinions. What counts above all are essential qualifications, work results, and the acknowledgement of the community. In connection with this, a new look at the role and place of allies and remaining signatories of the patriotic Movement for National Rebirth [PRON] in this process is required. Political consultations on the amendment of principles for cooperation between the PZPR, the ZSL and the SD in the implementation of personnel policy are in progress. The method of work of personnel services or sections must be decisively changed, eliminating regulations blocking the promotion opportunities of talented young workers. We will not become reconciled to real talents being wasted because of the mass of regulations and bureaucratic blocks. Second, the problem of ownership in the economy demands a revaluation and the working out of an unequivocal interpretation. The needs of Poland's development make conditional the existence of a multisector economy but also the preservation of the dominating role of social ownership, as the basis of socialist public relations and the foundation of the country's development. We support the stability of new principles of socioeconomic policy and, among them, the equal rights of sectors, with freedom to take up economic activity. We understand these equal rights as the creation of equal conditions and opportunities for the functioning of units of the socialized and nonsocialized economy, in the sphere of access to means of production, the criteria of the system of financial liabilities and accounting, the economic parameters and instruments applied, as well as the civil and legal relations.

Such an approach to the issue of ownership makes possible a qualitiative restructuring of the socialized economy, so it can stand up to the intersector competition and better use its capabilities. Reforms concerning ownership relations, including in particular the adoption of new ways of managing public property, should be subordinated to the three basic economic criteria: management efficiency, social justice, and man as the subject in the labor process. In this context we treat the development of various forms of leasing of means of production, as well as the issuing of shares and bonds, as ways to socialize state property.

Wider and wider prospects than have existed up till now are being opened up for the cooperative sector. The party opposes the practice of nationalizing cooperatives. The party comes out in favor of various organizational units in the cooperative sector, in favor of consolidating the sovereignty of members of cooperatives, in favor of a fundamental increase in their role in solving the country's socioeconomic problems. One cannot achieve this without developing the functions of cooperative self-management and without increasing the activity of party memebers working in this sector. We perceive unsocialized ownership as a lasting element of the national economy, and an instrument to fulfill many social needs. We come out in favor of creating stable conditions for the development of this sector. This does not mean reprivatization, but rather the broad utilization in production of the population's financial means its inventiveness, and enterprise spirit.

The party's political task is to make sure that all enterprise is not expressed in contradiction, in the deviated, profiteering taking over of the national income and in pathological phenomena which contradict social justice and are in breach of the norms of social coexistence and morality.

Third, one must finally finish the process of breaking with the remnants of the system of executing power, of social life and economy, which is colloquially called Stalinism.

Fourth, we should redefine the social forces whose interests, aspirations, and aims the party represents, as well as its attitude to world issues. Serious changes are occuring in the social structure of contemporary Poland and in social consciousness. The traditional social groups and strata are being transformed and new ones are being formed. Also, the working class is undergoing profound transformations. The restructuring of the national economy, the development of modern and science-intensive industries, and the sphere of services and scientific and technological research, will accelerate them.

Without ceasing to be a worker party the PZPR is becoming a party of the working people, fighting for their dignity, for the creation and consolidation of system conditions for liberated labor [Praca wyzwolona], which is well organized, rational, and effective. To a growing degree the entire working world is becoming the social base of the party. The working class occupies and will occupy a special place in it.

Its standing within the system will strengthen. We will liberate its role, however, from doctrinal incantations. We are relying—in accordance with the development trends—first and foremost on the groups of workers most strongly identified every day with a high culture of labor, with the ideas of self-government and democracy.

Esteemed comrades! A contemporary interpretation must also be given to the complex of issues in the sphere of the party and religion. We speak broadly of this in the theses. I would just like to recall a fundamental statement: Marxism is not a lay religion, nor is the party an instrument of atheisation. We are not interested in theological disputes and deliberations. We are of this temporal world. Coming out in favor of humanism, we value the arguments of reason and the sciences, tolerance and freedom of conscience, and above all man's readiness to actively shape his fate and the fate of societies. One of the important dimensions of party memberhsip is manifested here. Without the mass involved participation of believers, the renewal of socialism in Poland and the creation of a new form for it, are and will be unthinkable, for this very reason. We are in favor of mutually beneficial dialogue between the socialist state and the Roman Catholic Church, with all churches and religious associations; we are in favor of (?basing) relations between them on the principles of stability and normality. The party expresses the will for the determined, rapid, and successful conclusion of the work on the formal-legal regulation of relations betwen the state and the churches.

Comrades! In creating a new form of socialism, the party will unite with people and milieux with socially progressive programs and outlooks, constantly enriching and developing the existing alliances, consolidating the cooperation of the forces on the Polish left. The foundation of the front of the social left is and will remain the party coalition of the PZPR, the ZSL, and the SD. Allied cooperation, the documentation of unity but also the alternative nature of program solutions, discussions, and the taking of joint decisions, should make themselves felt more and more strongly in the forum of the Sejm, the people's councils, and in various forms of self-government. The party wants to have strong and genuine allies. The right to initiative and criticism must work both ways. An alliance is joint authority, but also joint responsibility. Accepting the identity of partners, the existence of different opinions, and the disputes in dialogue and cooperation does not weaken, on the contrary it strengthens, the interparty coalition. In it we jointly create a guarantee for the successful implementation and irreversibility of the strategy of renewal and reforms. Allied cooperation, understood in the modern way, is also more active cooperation in giving a specific shape to modern, effective socialism.

This does not contradict maintaining the ideological values which are referred to by every allied party.

In the renewal of socialism, the party, together with its allies cooperates with the associations of Catholics, lay Christians, nonparty supporters of reforms, organizations, and associations of the working people, with outstanding enlightened people who are gathered around the platform of the PRON. This movement is an important link and platform for the construction of alliances of those who support reforms. It may help to broaden the accord, develop various forms of social dialogue, and create positive impressions in the immediate environment of man.

An important stage in increasing the coalition method of exercising authority in the shaping of new political culture will be the future elections to the Sejm. The act of voting should not only be a form of plebiscite which defines a degree of support for the system, for the authority and its policy, but mainly a conscious decision about persons whom the community is ready to trust, and also ideas represented by individual candidates for deputies. This way of thinking should find expression during work in preparing the new electoral law. In the patriotic coalition of postreformist forces there is a particular place for the young generation and their organizations. Reforms in the state, and in the economy create incredible opportunities for young, active, enterprising people who are not afraid of risk. The party will support initiatives and economic undertakings which resolve the problems and daily troubles of youth with their own resources.

Party people are duty bound to overcome barriers which restrict the activity of young people and eradicate the sources of apathy and discouragement. They should support the formation of intellectual elite circles among the young, best, and most able people, who aspire to lead their equals. In the process more activity and offensiveness by youth organizations is indispensable. The socialist movement of youth has a chance to become a founder of courageous and conventional proposals and initiatives in the reformation of the party and the state, in improving its economic and cadre mechanisms. Necessary and far-reaching reconstruction of the style, form, and methods of operation of the ZSMP, ZHP, ZSP, and other youth organizations, should serve to consolidate their political position and make them authentic among nonorganized youth.

The Politburo is in favor of the Sejm annually checking on the implementation of the government program to improve young people's conditions for starting out in life and at work and the Act on Young People, and the consistent enforcement of liability against those guilty of neglect and lack of action.

Comrades, one of the special features of the Polish road to socialism is the philosophy of accord, dialogue, conflicting views, and order of social accords. But within this framework there can be no room for the destruction of the basis of national existence, for intolerance and anarchy. The logic of developing mechanisms for expressing and coordinating different public views and strivings results in the recognition of the existence within the system of a constructive resistance and opposition as a component of the political system. Constructive, means respect for the constitutional order, regard for the superior value of the interests of the people and the state, and the search for solutions to its problems legally, within the state structures and not against them. We consider that at present associations and clubs represent the most effective form of opposition interpreted that way. We are treating this formula as open-ended and evolutionary. Social and political pluralism will only become an invigorating force when the will for accord is accompanied by the maturity of the objective conditions for realizing its various forms. Otherwise it could turn into a destructive factor.

Freedom also means responsibility, discretion, and the ability to foresee the effects of the actions taken. From the representatives of the constructive opposition we await a clear attitude toward the party's programmatic idea, our reform proposals, or specific, detailed solutions. Merely being in opposition is not going to bring the socially-desirable solutions closer, turn reforms into reality, or make the process of reforms effective. The best ways both of deciding things and implementing them must be sought together. We believe that the representatives of the constructive opposition will distance themselves from the extremist political forces powered from without which conduct activity aimed against the very essence of the system, the Polish raison d'etat, and calculated to disintegrate the state and nullify the chances of a fruitful dialogue at the roundtable and a new, more broad-based, authentic social accord.

The struggle against the forces of destruction is indispensable, it is in fact the struggle for agreement, conducted in the name of the supreme good of Poland. There are three principles by which the party is being guided in the development of dialogue, striving toward widening the social base of reforms, and the platform for national accord. First, the policy of dialogue to reach accord is permanent; it transpires from the very essence of the party's political line, from the guidelines of the 9th and 10th PZPR congresses. Second, the extent of talks and agreements which would be acceptable, including one concerning the reform of the political system, have been mapped out by the system's principles. Third, political issues, uncovering and confronting the various trends and outlooks must be transferred to their natural place—to the establishments of the political system.

Consultations are nearly over on the new draft law on associations, it is our intention to successfuly protect constitutional social order, legality, and good moral customs. The draft should help disclose the richness of civic initiatives, create broad fields for spontaneous activity, and satisfy a natural need for mass activity to acheive useful goals.

More and more clearly we see in Polish reality a trend toward gathering people's activity in small social groups. The most important aspirations of man concentrate in and are being confirmed in them. This fact presents party branches and organizations with concrete tasks. They should deal with the problems of their environment with care and concern and recognize its most important needs and aspirations, including those which can become the source of tension and dangers.

Party activity will be successful only when it becomes subservient to the most important cause; striving to link group interests with social interests and, eradicating narrow particularism and egoism, and thus bureaucratic attitudes to working or local circles, disregarding their real needs and views. We must strengthen local political authority and local political structures, increase independence, and debureaucratize local territorial self-management, to enrich the map of social and political activity at the local level and develop mechanisms to express the will, and view of citizens, to bring the decision-making process closer to the citizen.

In social organizations party members are going to acquire their position by the power of their own authority; they are going to win in democratic elections thanks to their activity and not because of anointing from above. That's an area where the party does not appoint personnel, where party personnel reveal their potential in an open rivalry of programs, ideas, and personalities. All this requires changes in the methods and forms of party activity, concentrating on inspiring party representatives in people's councils, in representative institutions, in self-governing bodies, on creating favorable conditions for their action. The drawing up of relevant organizational ideas and solutions, which contribute to a fundamental increase in party activity in local milieux is becoming necessary. It is worth considering the expediency of introducing considerably wider, than the statute presently anticipates, double membership to basic party organisations in places of work and residence.

Today party activity is predominately concentrated in work enterprises. The work forces will continue to be the most important party milieux. At the same time the insufficient activity and even the absence of basic party organizations in the territorial organization is very intensely felt. The creation of a concept for such activity is, therefore, an urgent task for the party and its echelons.

It ought, above all, to take into consideration tasks connected with the party's influence on the composition and activity of regional state administrative authorities, with the creation of a close link with the inhabitants, self-governing body, and with local authorities.

The Politburo, observing the growth in the significance of the cooperative, economic, and association links in public and economic life, recognizes the renewed examination of the question of lateral cooperation between various party organizations and milieux as being useful. Generally we assess the experiences gained several years ago negatively. The political situation at the time and the lateral links in the majority objectively served to weaken the party and resulted in factionalism. But that does not obscure the principle itself. If its application is the result of common milieux and professional, regionals or economic interests, then it should find an increasingly wider expression, in the first stage, on the basis of an experiment in the practical activity of the basic party organizations.

The party, its structures and organization, must be present wherever the working class is. The unity of politics and economics which we feel so explicity in our life every day materializes above all in the party's presence in work enterprises, at every post where a party member is working.

Then what are the main tasks facing the party organizations of an enterprise? First, the duty to think and act in categories of concern for the long-term development of an enterprise; to link it with the interest of society as a whole; to support and back the innovative, bold actions, especially in the fight against stagnation and bureaucracy and lack of faith in people, and in the correctness of the reform program. Second, placing the working man and his needs at the center of the party's attention. Everything the party does in an enterprise must serve the working man. The party in an enterprise means a special concern for the living conditions of old and disabled pensioners; it means lively everyday contact with young people, with those who will come after us; it means seeing to it that the schools attached to enterprises and employees' hostels, enterprise social and cultural establishments function. There is still a lot of incorrect interpersonal relations, arrogance, and envy, infringement of norms of justice in assessing and rewarding people in enterprises. Nobody will release the party from the responsibility of fighting against these phenomena.

Third, the conducting of cadre policy, understood as concern for the best, for conditions in which their talents will develop and abilities will be revealed. It means striving for the best possible work conditions for rationalizers and inventors, for the effective employment of their acheivements. It means concern for the most productive, for just but also maximum bonuses for effectiveness. It means constant work with managerial cadres aiming at more fully unifying their professional qualifications with social, educational, and political ones. It means the ability for lively contact with non-party people, asking for their opinions, as well as when they are accepted into the party.

Fourth, a work enterprise is a functional structure—also susceptible to imbalance—of relations and interdependence between the party organization, the director, the self-management, the trade union, the ZSMP, and social organizations. To lead this structure, to teach political culture and the culture of cooperation as well as to solve contradictions, to show concern about the position of particular links and to harmonize their interests—these are the party's tasks.

At a time of reform, party organization ceases to be the supreme establishment, an organ responsible for production, it becomes a force which cocreates the social structure for the workforce of an enterprise, which cooperates with its management, not comanages an enterprise. It implements its tasks more and more not by administrative directives but by way of party comrades in the management, mainly in the organs of self-management. Support for workers self-management is a particularly important duty of the party. The right of workforces to self-management is infrangible, its violation should be treated as blow against the party's programmatic line, at the same time it must be made clear that all efforts to make use of self-management rights to demonstrate political opposition to the state, its constitutional principles, and to stir up workforces, will meet decisive reaction. This is necessary in the interest of workforces, and in the interest of the durability and authority of self-management.

The party recognizes the usefulness of the mutual cooperation of self-managements to successfully fulfill obligations which transpire from mutual links between enterprises, and for the exchange of experience; hence it approves the idea put forward by economic activists to set up self-management and economic chambers.

The party attaches particular attention to the existence of strong and developing union organizations. We support the actions of the OPZZ in seeking new solutions in the trade union movement. We do not stop, on the contrary, we support the development of discussion about optimal models for an independent trade union movement, and appropriate forms of pluralism.

Nothing has been forejudged forever; present limitations in the full law on trade unions of 1982 transpire from serious, still justified concerns whether newly emerging union organizations will again become a platform for illegal disturbances in production, and state opposition. The future shape of trade unions will be decided by workforces themselves. However, we will oppose attempts to use the trade union movement for political manipulation and to turn work enterprises into battlefields.

Comrades, the Central Committee, Politburo, and Secretariat, must carry out honest balanced actions aimed at higher productivity by central, regional, and basic links in the party. We must answer, among other things, whether organizational, propaganda, ideological, and upbringing potential has been fully used to consolidate party ranks, release the energy of party members, and create the nucleus of expected changes in the PZPR.

How much success has there been in reforming the programmatic idea of the party and its members? How can implementational discipline serving the efficiency of party activity be raised?

Attempts to reply to these questions ought to be found in documents being prepared for the national delegates' conference. The Politburo is conscious of the need to improve the work of the Central Committee and to increase the role of Central Committee members in the decision-making process between meetings. Proposals contained in the theses, confirming the right of the Central Committee members to put forward candidates for important party and state positions; improving the work of Central Committee commissions and more frequently appointing problem work groups; organizing periodic meetings of smaller groups of Central Committee members according to regional or branch criteria; enabling Central Committee members to take part, as deputies do, in periodic consultations for hearing citizens' observations and conclusions or complaints and interventions and the fuller presentation of their profiles, opinions, and assessments in the mass media, are heading in this direction.

Comrades, reforms in the style and methods of the functioning of the party, in its structures and interior, proposed by the Politburo, ought to serve, first, a fuller understanding of the operation of democracy in institutions, in the Sejm, the people's councils, in various forms of self-management, in organizations, associations, and social movements. We will consider specific tasks resulting from this, proposals for changes in the party structure and its executive apparatus, at one of the forthcoming Central Committee plenary meetings. Second, the adaptation of party activity to new rules and principles of economic management—will comprehensively take up this problem at the next, 11th plenum. Third, an increase in the effectiveness of personnel policy, moving out of the narrow circle of nomination and removal from office. The modern party, of a truly new type, must be capable of creating conditions for constantly bringing out its best personnel everywhere. A party recommendation or opinion ought to be an important, but only the final link in personnel policy, and not, as has most often been the case, the central issue, the basic form of work with cadres. The system of appointing the leading party aktiv requires significant change. The Politburo proposes adopting and universalizing the principle that every member of the executive party echelon at every level, not excluding the central one, ought to publicly present his concept of the implementation of the party programme and (vision?) of the actions which he wishes to undertake. Elections within the party ought to be revitalized by more competition in the style and method of activity and the forms of putting resolutions into practice. In this way, high personnel policy standards will be developed as well as innovative, competent mechanisms for the selection of party leaders. The selection of personnel ought to become a permanent, constantly renewed contest. What does this mean in practice? One should strive to apply the princple: the best person in a given place and in a given time. It is not enough for someone to be good if someone else is better. Personnel changes should be undertaken more operatively and decisively when the expediency and possibility of increasing the effectiveness of action exists, not only because of the calendar ending of a term of office or the date for the next elections comes up.

Fourth, improving the organization principles of the structures and methods of party activity: the traditional organization-echelon-party apparatus structure no longer suffices. One must draw on inter disciplinary teams which link the experiences of modern enterprises and working people's milieux to task groups functioning among the young intelligentsia, to permanent forms for exchanging political inspiration between organizations from the same professional milieux, functioning in a better or worse manner.

In line with the decisions of the fourth plenum, changes in the activity of the structure of the party apparatus are being introduced. We are going to intensify and accelerate those changes. The Politburo proposes the rationalization of posts in the Central Committee and voivodship committees so as to transfer part of them to the country to the first line of party activity, including apart from the traditionally understood echelons, to residential areas in the countryside and in the towns, to settlement or milieux committees.

Fifth, a resolute return to internal party democracy, to discussion revealing many assessments and concepts before undertaking binding decisions. The structures and style of party activity must be conducive to revealing strong, leading, and creative individuals and give a bonus to activity.

The Politburo recognizes that it is expedient to accept the practice whereby projects for decisions on important key matters ought to be the result of party discussion after consultations with nonparty members, and as a rule they should be varied, and the authors as well as the arguments which led to them should be recorded.

Time is needed for the party to undertake fundamental decisions which influence the essence itself and not just the final form. Such a procedure for undertaking them enables the professional and social factors to be brought together and contributes to a greater community of interests and complementarity of individual solutions as well as their consistency with the party's long-term strategy.

Sixth, a growth in the intellectual activity and offensivity of the party. The authentication of its contemporary ideological identity requires the creation of the correct forms and methods of action so that ideological work systematically fulfills two functions: cognitive and theoretical and at the same time educational, forming the political awareness of party members.

Seventh, high organizational efficiency, flexibility in forms of action, the ability to formulate tasks to answer problems which are dictated by life and the current ones most important for society, efficiency, and speed in finding solutions. It is necessary to explicitly formulate criteria to assess the work of echelons of party organization. After all, in the field of human relations meetings protocols, and reports are not decisive in these assessments, but measurable effects of good work result from influencing the political, social, and economic situation.

Eight, wide dependency on the independence of party organizations. This requires boldly taking up tasks and finding the best forms and methods of implementing them without waiting for instructions and influence from higher party echelons. In the functioning of the party there can be no uniform patterns and cliches for political and organizational activity. The program marks out its general outline, the rules and regulations define what is necessary to describe the ideological and political identity and ensure the unity of party action. Beyond that a wide field opens for independence, initiative, and search resulting from the individual, unique nature and appearance of the primary party organizations. At the same time all party echelons should actively support their work. The basic peoples organizations should be fully independent but less isolated.

Nine, constant experimentation, as a manifestation of creative restlessness and dissatisfaction with what exists; searching for methods and forms of effective action for the party to fulfil its role and function and strengthen its links with the working class and the public.

Ten, greater aggressiveness in propaganda, in forming public opinion, in winning it over to the political line of party actions, for its proreform image; in disseminating what is best and showing the tangible results attained by the party, especially by its leading, innovative echelons and organizations in accordance with the motto: Propaganda for success.

The Politburo proposes that a a working party be set up which without delay will analyze the experiences and newly introduced solutions in the style of action, in the structures and inside the party, and prepare and present for party-wide discussion prior to the 11th congress appropriate draft changes to the PZPR Rules and Regulations.

The Politburo deems it an urgent necessity for the Academy of Social Sciences to carry out research into the party according to a program proposed by the Central Committee Secretariat. Its results, widely disseminated within the party, should form the basis for extended analyses which will help prompt appropriate decisions to be made.

Esteemed comrades, the historical challenges which socialism faces and the public expectations can only be dealt with by a modern party with an unmistakeable ideological and political identity; a party of bold political ideas and effective actions, with a strong position among the working class, which will guarantee the realization of its political strivings; a party which is the trustee and guarantor of the values of a system of social justice in its new form; a party whose daily work grows out of social needs; a party in which the experience of maturity harmoniously unites with the energy of youthfulness; a party completely free from the remnants of excessive centralism and bureaucratic style, receptive to values created on the basis of different world-views, attractive to qualified, publicly-active workers, to enlightened farmers and to leading—particularly young—intelligentsia. That is the deepest essence of the reforms so much needed in the PZPR today.

Years ago, during the dramatic period of crisis, with the accumulation of conflicts and a bitter political and ideological struggle, the party took up the historic cause of reforming the system and a deep internal transformation. This showed its vitality and strength. What we are going to do in the coming months and whether we are able to rebuild the function, the structures, and above all the activity of the party to measure up to the new conditions and political and economic needs will be the fundamental guarantee for coping with the need to create a new socialism and to regain the full ability to lead society. The Politburo proposes that during the period preceding the 11th congress the party-wide discussion on the shape and the content of our programmatic offer and on all components of the model of party organization and functioning is intensified. This discussion should be taking place not just in the individual basic organizations but everywhere, in every milieu, in unrestrained collaboration and agreement between various echelons and basic organizations, and individual men of the party. This will make it possible to discover all views and opinions, to work out various conceptional and programmatic platforms and to hear every school of thought. Such universal party soul-searching could open up and widen a road to a truly effective reform, renewal, and a curing of the PZPR.

The question is often asked about the limits of reforms, about the permissible extent of transformations. We reply: In the political and socioeconomic system of the

People's Republic today there is nothing inviolable and final when it comes to reforming and modernizing, apart from the fundamental social objectives of socialism, apart from the Polish raison d'etat.

Orzechowski at Meeting on Ideological Conference

LD1712222888 Warsaw PAP in English
2123 GMT 17 Dec 88

[Text] Warsaw, Dec. 17—The group for the preparation of the 3rd All-Poland Theoretical-and-Ideological Conference and the Ideological Commission of the PUWP CC held a joint meeting today here. The debate, with the participation of members of the Political Bureau, PUWP CC Secretaries Jozef Czyrek, Jan Glowczyk and Marian Orzechowski, was devoted to the presentation and discussion of the theses of reports for the plenary session of the conference.

In tune with the assumptions, the conference, scheduled for next January, is to be devoted to the key ideological and theoretical problems of the socialist renewal in Poland. The directions of changes in the socialist relations in production and their impact on the social efficiency of economy are also to be discussed. The participants will analyze the fundamental problems of the development of the Polish model of the socialist democracy and the interrelations between the socialist renewal and the changes in the realisation of the Marxist-Leninist party's tasks.

Marian Orzechowski, who chaired the meeting, drew attention to the great expectations connected with the conference which, in fact, is not going to solve all dilemmas. This is simply not possible. But it can be expected that the forum will formulate some problems and outline the answers in theoretical terms so that they could serve as the basis for further exploration and practice of political life. The task of the conference is to form premises for a minimum of the ideological order, stressed the CC secretary.

Leaders' Public Appearances for 7-13 Dec

AU1612092388 [Editorial Report] The Polish press monitored from 8 to 14 December reports the following appearances of Polish leaders (Warsaw TRYBUNA LUDU in Polish sourceline of each report given in parentheses):

Jozef Czyrek, Wojciech Jaruzelski, Tadeusz Olechowski, and Mieczyslaw Rakowski signed the book of condolences for earthquake victims at the Soviet Embassy in Warsaw on 10 December. (12 Dec 88 p 1)

Jozef Czyrek, Manfred Gorywoda, Tadeusz Olechowski, and Mieczyslaw Rakowski met with Volker Ruehe, chairman of the CDU/CSU faction of the FRG Bundestag, on 12 December. (13 Dec p 1)

State Council Chairman Wojciech Jaruzelski received Icelandic Foreign Minister Jon B. Hannibalsson on 13 December. (14 Dec 88 p 2)

Premier Mieczyslaw F. Rakowski, received CSSR ambassador Jozef Havlin on 8 December. (9 Dec 88 p 2)

Jan Glowczyk, PZPR Politburo member and Central Committee secretary, met with youth representatives in Olsztyn Voivodship on 10 December. (12 Dec 88 p 2)

Marian Orzechowski, PZPR Politburo member and Central Committee secretary, attended a meeting of the PZPR Central Committee Science and Education Commission on 7 December. (8 Dec 88 p 2). He received representatives of the Association of the Friends of Children, who were in Warsaw to attend a national congress. (9 Dec 88 p 2) He attended a meeting of a PZPR primary party organization for writers in Warsaw on 9 December. (10-11 Dec 88 p 2)

Kazimierz Cypryniak, PZPR Central Committee secretary, chaired a meeting of the PZPR Central Committee Commission for Internal Affairs and Party Activity on 7 December. (8 Dec 88 p 2)

Andrzej Wasilewski, PZPR Central Committee secretary, met with members of the PPR Journalists Association on 12 December. (13 Dec p 4)

'Arafat Gives Press Conference in Bucharest

AU2012160988 Bucharest SCINTEIA in Romanian 17 Dec 88 p 5

[Unattributed report on "Press Conference" held by Yasir 'Arafat, chairman of the PLO Executive Committee, on 16 December in Bucharest]

[Text] Yasir 'Arafat, chairman of the PLO Executive Committee, met Romanian press representatives on Friday, 16 December in Bucharest.

On this occasion the guest pointed out that his visit to Romania is taking place at a historic moment for the Palestinian people, after the recent decision endorsed by the Palestinian National Council in Algiers and after the announcement of the proclamation of the Palestinian state. It is also taking place, the speaker further said, "after the address I gave at the UN General Assembly in Geneva and the subsequent developments that occurred in this matter, including the recent declaration by the American administration referring to the establishment of a direct dialogue with the PLO."

All these, Yasir 'Arafat mentioned, were the topics approached during my very warm meeting with President Nicolae Ceausescu today. We also examined the situation in the occupied territories and the development of the revolt of the Palestinian people there.

I would like to stress, the guest said, that President Nicolae Ceausescu was the first statesmen who emphasized —for the first time in the world—the necessity of calling an international peace conference for the settlement of the situation in the Middle East, including the Palestinian issue.

The Palestinian people highly value this friendly stand, which has been and continues to be adopted by President Nicolae Ceausescu, Romania's leadership, and all Romanian people. Therefore, I believe that our meeting today is particularly important, both from a Palestinian point of view as well as from the point of view of relations with Romania, and it opens up broad prospects for future actions for the settlement of the Palestinian situation.

Yasir 'Arafat further said: President Nicolae Ceausescu was also the first statesman who pointed out the necessity of establishing a Palestinian state, even in a historical context, which many people and political leaders opposed. We see today that everybody speaks unanimously about the peace conference and about an independent Palestinian state. At the recent UN General Assembly session in Geneva the idea of calling a peace conference was sustained by 104 votes. This is one of the numerous examples that prove how wide the perspective of President Nicolae Ceausescu's action is, not only regarding Romania's development, but on other issues as well. Along the same lines, I would like to stress the multitude of President Nicolae Ceausescu's demarches and efforts in support of the Palestinian people's struggle.

On my own behalf and on behalf of the Palestinian leadership and all Palestinian people, I extend most sincere thanks and my complete gratitude to Comrade Nicolae Ceausescu for all the support he gives us and for everything he does for the Palestinian people's benefit.

Answering the journalists' questions, the guest said that the shift in the U.S. position and the statements of the U.S. secretary of state regarding the contacts with the PLO is a very important aspect, all the more so since it broke through the wall imposed by the previous American administration's veto. Today in Tunis, he went on, the first official American-Palestinian meeting is starting. We think that it is a very important step to give an impetus to the efforts toward convening the international peace conference. As a matter of fact, a very difficult stage lies ahead of us and we should continue our efforts in this direction.

Answering another question, Yasir 'Arafat said: I would like to mention that the revolt of the population in the occupied territories is part and parcel of the PLO's activity. The mass organizations inside the territories and the forces that actually participate in the struggle belong to a united leadership and all of them are part and parcel of the PLO; no doubt the revolt will continue. I also want to reaffirm on this occasion that the revolt of the Palestinian people will continue, wave after wave, up to the elimination of the occupation and up to the establishment of a Palestinian state.

CPSU Delegation Visits, Meets Olteanu

AU1712153488 Bucharest AGERPRES in English 1442 GMT 17 Dec 88

[Text] Bucharest, AGERPRES, 17/12/1988—A delegation of activists of the Communist Party of the Soviet Union led by H.D. Durdyyev, secretary of the CC of the Communist Party of Turkmenistan, paid an exchange-of-experience visit to Romania over 12-17 December.

The delegation had talks at the Headquarters of the CC of the RCP, the Bucharest Municipal Committee and the Galati County RCP Committee, the Academy of Sociopolitical Studies under the CC of the RCP, the editor's office of SCINTEIA, and visited industrial and farming units as well as sociocultural establishments in Bucharest and Galati Municipalities.

At the end of the visit, the Soviet Guests were received by Constantin Olteanu, member of the Executive Political Committee, secretary of the CC of the RCP.

SFRY's Dizdarevic To Arrive in December

AU1612205088 Bucharest Domestic Service in Romanian 1800 GMT 16 Dec 88

[Text] At the invitation of Comrade Nicolae Ceausescu, RCP secretary general and president of the SR of Romania, Comrade Raif Dizdarevic, president of the SFRY Presidency, will pay an official friendship visit to our country in the last third of December 1988.

International Economic 'Contradictions' Discussed

AU1612155488 Bucharest AGERPRES in English 1517 GMT 16 Dec 88

["The Contradiction Between Rich and Poor Countries—The Deep Contradiction of the Current Epoch"—AGERPRES headline]

[Text] Bucharest AGERPRES, 16/12/1988—One of the questions President Nicolae Ceausescu approached in his exposition at the joint plenary meeting of the plenum of the CC of RCP, the revolutionary worker democratic bodies and the mass and public organizations at the end of November is the one related to the continuous growth of the gaps between rich and poor countries which generate grave contradictions on international plane and worsen the imbalances in the world economy. That process is appreciated on this occasion, too, as continuously accentuating under the pressure exercised in the world economy by the continuation and even expansion of the imperialist policy, of supranational monopolies and of the international financial capital. Emphasis is thus placed on the idea—many times underscored by Romania—that, in spite of the revolutionary changes in the states' life, of the change in the ratio of forces on international plane, the world situation continues to be complex and grave, maintaining the policy of force, of dictate, of interference in internal affairs.

In the last decades and especially in the last decade, as the exposition stresses, as a result of the neocolonialist practices in the first place, these gaps have continuously widened, in spite of the efforts made by the developing countries to grow the economy, to increase production, to capitalize natural resources in their own interest, to liquidate the economic backwardness inherited after a long period of colonial spoliation. In Romania's outlook, the only viable solution to the question of the economic gaps among states is the elimination of the causes generating these imbalances—mainly the imperialist policy of spoliation and plunder of the international financial-banking capital—through liquidating underdevelopment and creating a new type of interstate relations based on equality and equity, of mutual respect, through a policy of economic collaboration on just, realistic and equitable bases. President Nicolae Ceausescu, revealing the contradiction between rich and developing countries, elaborated the thesis according to which this is the deepest contradiction of the contemporary epoch.

In the conditions of dramatically deepening the economic gaps among states, Romania proposed that a general agreement be reached to ensure minimum incomes, differentiated by zones, which should offer the necessary financial resources for a dignified life of all categories of population in the world countries, as well as that all states adopt the adequate measures starting from the humanitarian principles of observing the best possible conditions of work and life for each country's citizens. Romania also proposed the calling up of a conference within the UN to be attended on an equal footing by both developing and developed countries with a view to reaching adequate accords apt to ensure the liquidation of underdevelopment and the creation of a new international economic order.

Ceausescu Addresses Agriculture Plenum

AU1612220788 Bucharest AGERPRES in English 2119 GMT 16 Dec 88

["President Nicolae Ceausescu's Speech at Enlarged Plenary Meet of the National Council of Agriculture"—AGERPRES headline]

[Text] Bucharest AGERPRES, 16/12/1988—In the speech made on Friday, December 16, at the close of the enlarged plenary meeting of the National Council of Agriculture, Food Industry, Silviculture and Water Management, President Nicolae Ceausescu highlighted that, concomitant with the general development of the productive forces, of industry and the other branches of activity in Romania, agriculture too, the Romanian economy's second basic branch after industry, developed. Particularly after the 9th Congress of the RCP (1965), a better understanding was ensured and the truth was restored about the important role of agriculture in the development of the national Romanian economy, an end was put to a certain underrating of the role of agriculture.

Emphasizing the necessity of unitary development of industry and agriculture, of all branches and sectors of economy, the Romanian president pointed out that any lag behind in one sector or another, and especially in industry and agriculture, would bear negative consequences for the whole development of the country. This, he said, "was unfortunately manifest in a certain period in the activity of socialist construction in our country."

The dialectical unity between the development of industry, agriculture and the other branches, is the decisive factor of the successful construction of socialism, of raising the people's material and spiritual welfare, of building the communist society in Romania, the speaker mentioned.

President Ceausescu highlighted in his speech that the achievements in the years of socialism demonstrate that it is only on the basis of the big socialist property—state and cooperative—that can be ensured a modern agriculture, apt to meet the working people's requirements, the growing contribution of agriculture to the country's general progress.

Referring to the results of the current farm year, the Romanian head of state mentioned that 1988 was the third year on end that Romania achieved a cereal production of over 30 million tons. The speaker also assessed that the achievements were not up to the possibilities of the Romanian agriculture, as the annual plan provisions were not fulfilled completely.

Assessing that the record cereal production taken in by over 250 front-ranking in 1988 units illustrated the force and capability of Romanian agriculture, the resources that had to be turned to advantage, President Nicolae Ceausescu asked all workers in this compartment to firmly work for the judicious use of the land stock, for a better organization of the whole activity, the observance and application of the results of scientific research, of the modern technologies, for the generalization of the positive experience, so that the year 1989 may mark the biggest production so far with cereal and the other crops—of at least 35 millions tons of cereals. For the 1991-1995 five-year period the target is to achieve a cereal harvest of 45 million tons. "This," the speaker said, "will ensure the meeting in good conditions of all necessities of our society, will create the basis for adequate development of animal breeding and will ensure also the necessary reserves of cereals for other activities."

Presenting next the programs of increasing the soil fertility, of irrigation and land improvement, the other works for increasing the productive potential of land, President Nicolae Ceausescu pointed out that the preservation and protection of environment had to be permanently heeded on performing those works.

The speaker also paid special attention to the implementation of the programs in animal breeding, insisting that a general improvement of the whole activity in this sector had to be achieved next year. He requested the improvement of the scientific research activity, including with respect to the shortening of the time taken for the application of its results to farming practice.

The Romanian head of state devoted a part of his speech to the tasks incumbent next year upon food industry, forestry and water management. The speaker also approached aspects referring to the improvement of agricultural management, of the activity of party bodies and organizations, democratic bodies, local bodies of the state power.

Plenum Ends; Ceausescu Speaks

AU1612154788 Bucharest AGERPRES in English 1520 GMT 16 Dec 88

["Enlarged Plenary Meeting of the National Council of Agriculture, the Food Industry, Silviculture and Water Management"—AGERPRES headline]

[Text] Bucharest, AGERPRES, 16/12/1988—The proceedings of the enlarged plenary meeting of the National Council of Agriculture, the Food Industry, Silviculture and Water Management continued on Friday, December 16, in the presence of Romania's President Nicolae Ceausescu.

Taking their seats in the presidium of that democratic forum, together with President Nicolae Ceausescu, were full and alternate members of the Executive Political Committee of the CC of the RCP, secretaries of the party Central Committee, members of the Bureau of the National Council of Agriculture, the Food Industry, Sulviculture and Water Management.

When the debates had resumed, Cornel Pacoste, alternate member of the Executive Political Committee of the CC of the RCP, chairman of the National Council of Agriculture, read a report on the proceedings by sections.

The plenary meeting unanimously approved the documents in the agenda.

At the end of the proceedings President Nicolae Ceausescu took the floor.

Balanced Development of Production Forces Noted

AU2012195388 Bucharest AGERPRES in English 1902 GMT 20 Dec 88

["Development of Production Forces in the National Territory"—AGERPRES headline]

[Text] Bucharest, AGERPRES, 20/12/1988—In the process of building a unitary national economic complex Romania worked out socioeconomic development programmes till the end of the millennium, thus laying the basis for a systemic strategy of economic growth. An organic facet of this strategy is the harmonious distribution of the forces of production in the territory seen as a complex and continuous process based on the intertwining of economic, technical, scientific, social, political, demographic and ecological factors.

The balanced distribution of production forces in the territory through the blending of the above-mentioned criteria aims at drawing all resources into the economic circuit and at better using them and the manpower, raising production efficiency by bringing manufacturing units nearer to the raw material sources or markets, rationally utilizing the relief conditions, saving the land and protecting the environment from negative effects, enhancing the urbanization degree, efficiently using the investment funds, ensuring economic equality and, with this as a basis, equal rights to all citizens.

The decisive factor in achieving a rational distribution of production forces in the territory was industrialization. The priority orientation of investments toward the counties poorly developed in the past led to the creation of at least 4-5 industrial centres. So, whereas in the 1966-1986 interval the total investments in the social sector increased 4.6 times, in the less developed counties higher rises were registered: in Vilcea, Covasna and Bistrita-Nasaud 12 times, in Mehedinti and Gorj 10 times, in Salaj 9.7 times, in Dimbovita 9.4 times, and so on. This made the average growth rate of fixed assets to stand in the same period between 9.5 and 13.5 per cent, higher than the country's average (8.9 per cent), which sensitively narrowed the economic gaps between counties.

The more efficient utilization of the technical and material base materialized in a sustained growth of the industrial output, with over bigger rates in the weakly developed counties. Consequently, whereas the total industrial output grew 7 times over 1965-1987, in Salaj County the increase was of more than 22 times, in Olt 17 times, Bistrita-Nasaud 15 times, Buzau and Vaslui 13 times. The policy of differentiating economic growth in the territory speeded up the homogenization process of the development of production forces. So, as to 1968 when the volume of economic activity was worth more than 80 thousand million lei only in one county, with 29 counties below the 20 thousand million lei mark, now there are six counties with an economic activity that tops 100 thousand million lei.

The goal to achieve a volume of economic activity worth at least 80,000 lei per inhabitant was attained two years earlier in 39 counties, while 27 counties exceeded 100,000 lei per inhabitant. Another major aim is to obtain an industrial output worth 50,000 lei per inhabitant which 24 counties attained it in 1987, seven counties will achieve it this year, while ten in the next two years. Industry became a leading branch in all counties. In 1986, 25 counties obtained an industrial output superior to that obtained in a year in prewar Romania.

Concomitantly with the industrialization process, the intensive development of agriculture got more marked. Owing to a faster growth of the farm output in the counties lagging behind in the 1965-1985 interval, the number of counties turning out a farm output worth over four thousand million lei grow from 2 to 33 [sentence as received]. The high growth rate of the farm output in this five-year plan period will make the per capita volume of agricultural activity increase in 1990 to 15,700 lei (12,100 lei in 1965).

The concurrent development of the infrastructure, more particularly by expanding services and housing construction, ensured the growth of the active population so as by the end of 1987 the population's employment rate stood at 489 persons in 1,000 inhabitants, a level attained one year earlier.

'Debates' on State, Democracy in Society

AU2112080588 [Editorial Report] Bucharest SCINTEIA in Romanian on 15 December, under the headline "State and Democracy in the Political System of Romanian Society" carries on its pages 1 and 5 the 3,000-word first part of a "debate" organized by Adrian Vasilescu. Bucharest SCINTEIA in Romanian on 16 December, under the same headline, carries the 3,000-word second part of Adrian Vasilescu's "debate." All participants in the debate are low level officials, such as: a high school principal, the mayor of a small town in Dimbovita County, a department head in one of Bucharest's party committees, a worker, a university professor, and a party secretary in an Arges County enterprise, thus representing various strata of Romanian society. They are quoted expressing their views about the role of the state in Romanian society. The "debates" focus on Nicolae Ceausescu's speech to the "joint session of the plenary meeting of the RCP Central Committee and other democratic bodies" held in Bucharest on 28-30 November and on Ceausescu's frequently repeated idea of building socialism "with the people and for the people."

In the first part of the "debate" the participants review the importance of the state throughout history and note the role of the party "in the unforgettable moments that proceeded 23 August 1944," that is after Romania's liberation. The speakers are frequently quoted paying tribute to Nicolae Ceausescu's activity in the pre- and post-war period. One of the participants in the "debate" discusses economic issues, and the importance of planned economy, noting that "the state is the organizer of the whole activity of fulfilling plans" and that "one of the new tasks of the state is to organize the whole socioeconomic activity" because "the state has a broad view of all aspects of the national economy."

The second part of the "debate" deals with "issues of perfecting the activity of the socialist state and of the democratic participation of all people in the activity of the state." In this part the participants are quoted discussing the current period in Romania's development. The participants discuss the "role of the state in the process of continuously perfecting the overall activity." In the latter part of the "debate" the participants examine the prospects of Romania's development in the future "up to the year 2000" in light of the "April theses" and of "the decisions of the 13th RCP Congress and the Party National Conference."

In concluding his "debate" Vasilescu notes that "the state and democracy" is "a harmonious and comprehensive relationship which expresses the essence of our socialist society" and is "an expression of the concern of the party and its secretary general with building the comprehensively developed socialist society in Romania" and with "perfecting the socioeconomic mechanism, the whole system of the workers' revolutionary democracy, which, in a complete dialectical unity, comprises the activity carried out by the party, state, democratic bodies, and by the entire nation."

Economic Growth by Territorial Units Reported
AU1712153588 Bucharest AGERPRES in English 1421 GMT 17 Dec 88

[Text] Bucharest, AGERPRES, 17/12/1988—The orientation of investments to wards zones less developed in the passed led to the creation of at least 4-5 industrial centres in every county. [sentence as received] While the investment volume in the socialist sector increased 4.6 times over 1966-1986, in the counties that lagged behind from an economic point of view the growth rates were higher: 12 times in Vilcea, Covasna, and Bistrita-Nasaud ten times in Mehedinti and Gorj in Salaj - 9.7 times, 9.4 times in Dimbovita. This put the growth rate of the fixed assets in the respective counties between 9.5 and 13.5 per cent, outdistanceing the all-country average (8.9 per cent).

The policy of differentiating economic growth by territorial units stepped up the process of homogenization of the productive forces throughout the country. At present, there are six counties with economic activities worth more than 100 thousand million lei as compared to 1968 when only one county performed economic activities worth over 80 thousand million lei. Consequently, the target set for 1990 when every county was to perform economic activities worth at least 80,000 lei per inhabitant is attained two years earlier by 39 counties. As many as 27 counties have already topped the 100,000—lei worth of production-per-inhabitant mark.

The continuation of the industrialization process went hand in hand with the more marked intensive development of agriculture, with a reconsideration of the ratio between the two basic branches of the national economy. As over 1965-1985 farm production increased faster in counties less developed in the past—three times in Olt and Dimbovita, 2.5 times in other counties—the number of those turning out a farm output worth more than four thousand million lei rose from two in 1965 to 33 in 1985.

The powerful growth of the farm production in the ongoing five-year period—1986-1990—will take the volume of farming activities per inhabitant from 12,000 lei in 1985 to 15,700 lei in 1990.

Interior Ministry Cables Ceausescu
AU1612172088 Bucharest SCINTEIA in Romanian 14 Dec 88 p 1

["Telegram Addressed to Comrade Nicolae Ceausescu, RCP Secretary General, President of the SR of Romania, and Supreme Commander of the Armed Forces of the Socialist Republic of Romania by the Command and Party Aktiv of the Ministry of Interior]

[Text] Much beloved and esteemed Comrade Nicolae Ceausescu: In an atmosphere of fervent patriotic engagement, boundless elan, and fruitful and creative activity, which, these days mobilizes all our nation, the joint plenary meeting of the Leadership Council and the Political Council of the Ministry of Interior discussed with communist responsibility the tasks incumbent on the commanders, party bodies and organizations, the Union of Communist Youth, and the Trade Union, stipulated in the magnificent speech that you delivered at the joint session of the plenary meeting of the RCP Central Committee and of the other democratic bodies and mass and civic organizations and included in the decisions of this great forum of socialist democracy. These tasks are aimed at perfecting the organizational, political-instructional, and professional activities, at perfecting the style and methods of work, and at more markedly asserting a revolutionary exactingness, firmness, and combative spirit in order to unflinchingly implement the decisions of the 13th RCP Congress and of the Party National Conference.

Expressing the thoughts and feelings of the whole command and party aktiv and of the entire staff of the Ministry of Interior, the participants in the plenary meeting, with vivid enthusiasm and boundless gratitude, completely endorse the theses and ideas of a profound renewing nature and high scientific accuracy included in your speech, much beloved and esteemed Comrade Secretary General, the speech which clearly defines the current stage of socioeconomic, social, and political development of Socialist Romania, the fundamental directions of action, and the major tasks that fall on the communists and our whole nation during the Ninth 5-Year Plan and in the future, up to the year 2000.

The participants in the plenary meeting appreciate with deep conviction and pay high tribute to your magnificent concepts and solutions of priceless theoretical and practical value included in this document of historical value and of decisive importance for the constant prosperity of our homeland. The participants in the plenary meeting also express the profound devotion and boundless love that the entire staff nurture for you, the brilliant son of our ancient lands, the greatest statesman in the troubled and heroic history of our nation, the ardent patriot and fearless revolutionary, and a prominent figure of the present-day world, whose name is closely linked with the great accomplishments in the period of more than 2 decades of socialist construction of our country, a period which is called with great esteem and ardent gratitude the "Nicolae Ceausescu Era."

Likewise, the participants in the plenary meeting paid warm tribute to Comrade Academician Doctor Engineer Elena Ceausescu, a front-ranking personality of our party and state, illustrious politician, and scientist of world renown, who, together with you, carries out prodigious and tireless activity to ensure the drafting and the implementation of the programs for the socioeconomic development of our country, to ensure the constant progress of Romanian science, education, and culture, and to enrich the heritage of the universal knowledge.

With a great sense of responsibility, the participants in the plenary meeting discussed the results obtained by the bodies of the Ministry of Interior and the tasks incumbent on them in the current period, stipulated in the historical documents of the 13th RCP Congress and of the Party National Conference and in the programmatic guidelines included in your magnificent socio-political work; the participants in the meeting emphasized your constant concern with strengthening our socialist state, developing workers' revolutionary democracy, and consistently promoting the principles of socialist legality, ethics, and equity. Likewise, the participants in the meeting emphasized the scientific, original, and renewing character of the concepts elaborated by you regarding the role of the bodies in charge of internal order, and the tasks and missions incumbent on these bodies in defending firmly and vigilantly the revolutionary achievements of our people, our social and state system, the socialist ownership, and the rights and freedoms of our citizens.

In a critical and self-critical spirit, the participants in the meeting noted the shortfalls in professional and party activity and established concrete and mobilizing measures aimed at increasing the political role of the party bodies and organizations in the life of all units; in perfecting and improving the quality of managerial, organizational, planning, and control activities; in raising the level of multifaceted training of the staff; in more consistently promoting a party spirit and a climate of serious work, with high communist responsibility; and in continuously strengthening order and discipline.

We are aware of the multitude of responsibility incumbent on us and we report to you, much beloved and esteemed Supreme Commander, that inspired by your wonderful example of heroic communist devotion and revolutionary enthusiasm and mobilized by the exceptional speech you delivered at the joint session of the plenary meeting of the RCP Central Committee, the other democratic bodies, the mass and civic organizations, and the whole personnel of the Ministry of Interior will do all they can to implement appropriately and at a high qualitative level the party decisions, the laws of our country, and your orders and recommentations. Thus, we will meet the 45th anniversary of our country's liberation and the 14th RCP Congress with new and important successes and, together with our whole nation, we will always be ready to defend the fundamental values of our socialist society, the independence, sovereignty, and public peace and order, for the well-being and the happiness of our whole nation and for the glory and greatness of our dear homeland, the Socialist Republic of Romania.

Long live Comrade Supreme Commander!
The command and party aktiv participating in the joint plenary meeting of the Leadership Council and the Political Council of the Ministry of Interior

Leaders' Public Appearances for 11-17 Dec

AU1712210788 [Editorial Report] Romanian media report the following public appearances of Romanian leaders during the 11-17 December period (sourceline of each report given in parentheses):

Manea Manescu, member of the Political Executive Committee of the RCP Central Committee and vice president of the State Council; Gheorghe Oprea, member of the Political Executive Committee of the RCP Central Committee and first deputy prime minister; Maxim Berghianu and Pavel Aron, ministers; Nicolae Mihalache, Mihai Nicolae, and Emilia Sonea, deputy heads of section at the RCP Central Committee; and Constantin Oancea, deputy minister of foreign affairs presented condolences at the USSR Embassy in Bucharest for the loss of lives caused by the earthquake in Armenia, on 12 December. (Bucharest AGERPRES in English 1602 GMT 12 Dec 88)

Nicolae Ceausescu, RCP secretary general and Romanian president, addressed the concluding session of the enlarged plenary meeting of the National Council of Agriculture, in Bucharest on 16 December. (Bucharest AGERPRES in English 1520 GMT 16 Dec 88). On the same day, President Ceausescu met and held two rounds of talks with PLO Chairman Yasir 'Arafat. (Bucharest Domestic Service in Romanian 1845 GMT 16 Dec 88)

Romanian Prime Minister Constantin Dascalescu received Albanian Finance Minister Andrea Nako, in Bucharest on 13 December. (Bucharest AGERPRES in English 1838 GMT 13 Dec 88)

Constantin Olteanu, member of the Political Executive Committee of the RCP Central Committee and secretary of the RCP Central Committee met a CPSU delegation, led by H.D. Durdyyev, secretary of the Central Committee of the Communist Party of Turkmenistan, in Bucharest on 17 December. (Bucharest AGERPRES in English 1442 GMT 17 Dec 88)

Neculai Ibanescu, candidate member of the Political Executive Committee of the RCP Central Committee and deputy prime minister of Romania, attended a National Day reception at the Mauritanian Embassy in Bucharest on 12 December. (Bucharest SCINTEIA in Romanian 13 Dec 88)

Cornel Pacoste, candidate member of the Political Executive Committee of the RCP Central Committee and deputy prime minister attended and addressed the opening session of the enlarged plenary meeting of the National Council of Agriculture, in Bucharest on 15 December. (Bucharest AGERPRES in English 1122 GMT 16 Dec 88)

Vasile Barbulescu, secretary of the RCP Central Committee, attended and addressed a plenary meeting of the Agricultural Cooperatives Union, in Bucharest on 15 December. (Bucharest AGERPRES in English 1815 GMT 15 Dec 88)

Nicolae Giosan, chairman of the Grand National Assembly, saw off a DPRK delegation, led by Yang Hyong-sop, chairman of the Standing Committee of the Supreme People's Assembly, at Bucharest Otopeni Airport, on 12 December. (Bucharest AGERPRES in English 1708 GMT 12 Dec 88)

Yasir 'Arafat in Belgrade for Official Visit

Arrives 20 Dec

AU2012153288 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 20 Dec 88

[Text] Yasir 'Arafat, chairman of the PLO Executive Committee, arrived today for a short, official, and friendly visit at the invitation of the SFRY Presidency. Here is a report from Radio Yugoslavia journalist Ayub Stikovac.

The leader of the PLO, Yasir 'Arafat, was greeted at the airport in Surcin with full state honors. The important guest was welcomed by Raif Dizdarevic, president of the SFRY Presidency.

Official Yugoslav-Palestinian talks begin today. It is expected that the situation in the Middle East will be discussed, as well as current trends in solving the Palestinian question and the Middle East crisis.

It has almost become a usual thing for the leader of the PLO to visit Yugoslavia after such important events. Yugoslavia was the first European country to recognize the independent Palestinian state. Here is what Yasir 'Arafat said about this:

[Begin 'Arafat recording in English fading into Serbo-Croatian translation] Yugoslavia, a friendly and fraternal country, is one of the factors on which we depend in achieving peace in the Middle East. We coordinate measures and steps on all levels with this friendly country and its leadership and people. We cannot forget the constant support of Yugoslavia for our just cause and struggle, and for everything that we do in order to achieve peace in our region. [end recording] This was said by Yasir 'Arafat, leader of the PLO, on his arrival in Belgrade.

He will also have talks today with Stipe Suvar, president of the LCY Central Committee Presidium.

Dizdarevic, Suvar Meet 'Arafat

LD2012235288 Belgrade TANJUG Domestic Service in Serbo-Croatian 1837 GMT 20 Dec 88

[Excerpts] Belgrade, 20 Dec (TANJUG)—The latest Yugoslav-Palestinian meeting at the highest level is taking place at a time when the Near East is witnessing dramatic and historically important events culminating in the production of an independent Palestinian state and the start of a dialogue between the United States and the PLO. This is why now is a good opportunity to conduct a wide-ranging, extensive, and intimate exchange of views in line with tradionally good relations between the PLO and Yugoslavia.

This is a colusion and unanimous view expressed after an almost 3-hour long exchange of views between Yasir 'Arafat, chairman of the PLO Executive Committee; and Raif Dizdarevic, president of the SFRY Presidency, which took place this evening at the Palace of the Federation in Belgrade.

Yasir 'Arafat arrived in our country this morning on a short, official and friendly visit.

'Arafat informed his host extensively about the latest initiatives by the PLO and the Arab countries in their search for a lasting and just solution to the crisis in the Near East and to the Palestinian problem in particular. He underlined "the historic decision by the Palestine National Council at its recent session in Algiers to proclaim the independent Palestinian state." He also said that this decision was received favorably throughout the world which can be demonstrated by the fact that the independent Palestinian state has been recognized by a great number of states.

The Geneva session of the UN General Assembly dedicated to the Palestinian problem, at which he personally explained and elaborated the whole Palestinian peace initiative, came as a logical sequel to the decision made in Algiers, 'Arafat believes. That session was also marked by continued support to the actions and initiatives aimed at finding a peaceful solution to the Near East crisis. [passage omitted]

SFRY Presidency President Raif Dizdarevic also assessed that the international situation on the whole provides favorable conditions for an even greater involvement by all the forces of peace in the efforts to start a peace process in the Near East and he particularly welcomed the wise and rational decision made by the PLO which took as its point of departure the reality of Israeli's existence in the region of the Near East and the need to recognize this reality. This move was met with approval throughout the world and has become an integral part of the initiatives to relax the tension. However, Dizdarevic underlined, there is another issue, that is, the aggressive policy of the Israeli Government which does not refrain from using military means to oppress the legitimate rights of other nations. This calls for the entire international community to oppose such an unacceptable policy. The assistance of other countries, and the nonaligned countries particularly, is necessary if Israel is to be forced to accept an international conference on the Near East.

Dizadarevic and 'Arafat also talked about the preparations for the nonaligned summit scheduled to take place in Belgrade next year.

Stipe Suvar, president of the LCY Central Committee Presidium, also had talks with Yasir 'Arafat. Suvar reiterated the LCY's unreserved support for the PLO as the sole legitimate representative of the Palestinian nation in its just struggle for a peaceful solution to the

Middle East crisis. On this occasion as well, 'Arafat expressed gratitude to the LCY and to Yugoslvia for consistent support. He stressed in particular the importance of the speed with which Yugoslavia recently recognized the independent Palestinian state. The LCY and the PLO see the only possible way to peace in this region in the preparations for and the holding of an international conference on the Middle East, with the equal participation of all interested parties, as the only possible way to peace in this region, it was stressed by both Suvar and 'Arafat.

Dizdarevic Urges Mideast Conference

LD2112005088 Belgrade TANJUG in English 0010 GMT 21 Dec 88

["Pool" item]

[Text] Belgrade, Dec 20 (TANJUG)—Yugoslavia will still more strongly endeavour for the Middle East crisis to be resolved and for an international Middle East peace conference to be called at the soonest—said President of the Yugoslav State Presidency Raif Dizdarevic in his toast at a dinner given here tonight to honour PLO chief Yasir 'Arafat.

'Arafat arrived this afternoon in a brief official and friendly visit to Yugoslavia.

Dizdarevic stressed that the leadership of Yugoslavia, the country to chair the Nonaligned Movement as of next Autumn, was now considerinfg a strategy of the movement's engagement in the changed international conditions. In the quickly changing world, said he, we want our movement to be an even more efficient factor of resolving the problems that still burden international relations.

The PLO chief was confident that Yugoslavia, in the capacity of chairman of the movement rallying over one hundred countries or liberation movements, would contribute still more to the Nonaligned countries' vanguard role in the era of relaxation of tensions and extinguishing of regional hotbeds.

Noting that the Palestinian question tops the priority list for the Nonaligned Movement, 'Arafat said that the Palestinians were rightly calling on the movement, to be chaired by Yugoslavia, to speed up the process of holding an international conference on Middle East peace "for the Palestinian people to be able to enjoy sovereignty on their national soil."

Dizdarevic, 'Arafat Dinner Toasts

AU2112085488 Belgrade Domestic Service in Serbo-Croatian 0300 GMT 21 Dec 88

[Text] Palestinian leader Yasir 'Arafat will conclude his short official visit to Yugoslavia today. Before leaving Belgrade, he will hold a press conference for Yugoslav and foreign journalists.

At the formal dinner held last night, Raif Dizdarevic, president of the SFRY Presidency, and PLO Leader Yasir 'Arafat exchanged toasts.

Dizdarevic emphasized that the proclamation of the independent state of Palestine is a historic act in the struggle for realizing the legitimate strivings of the Palestinian people, a struggle that has lasted for decades.

'Arafat stressed that the fact that Yugoslavia was among the first countries to recognize the Palestinian state has confirmed its principled and moral stands in offering support to the justified struggle of the Palestinian people to create their own identity on a national territory of their own.

'Arafat Gives Press Conference

AU2112155688 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 21 Dec 88

[Text] Yasir 'Arafat, chairman of the PLO Executive Council, today ends his short and official visit to our country, during which he has had talks with Raif Dizdarevic, president of the SFRY Presidency, and Stipe Suvar, president of the LCY Central Committee Presidium. Peace processes in the Middle East have been the focus of these talks. Here is a report from Yugoslav Radio reporter Ayub Stipkovac on 'Arafat's stay in Belgrade today:

At the press conference which attracted much attention from Yugoslav and foreign journalists, Yasir 'Arafat stressed that the stands of Yugoslavia and the PLO are identical on all the issues which were discussed and that there are constant joint consultations.

He yet again reiterated that he rejects all forms of terrorism and drew a clear line between what is terrorism and what is a liberation struggle.

He particularly stressed the importance of dialogue between the United States and the PLO after the session of the United Nations General Assembly devoted to the Palestine problem, and recalled that this is not the first dialogue between the two sides: Dialogue was established in 1975, but was halted after intervention by Kissinger in the United States Congress.

After the proclamation of an independent Palestinian state and everything that has happened subsequently, the PLO has undoubtedly won important diplomatic points in the world. However, 'Arafat drew attention to something else:

[Begin 'Arafat recording in Arabic with superimposed Serbo-Croatian translation] One should have in mind Israel's reaction to everything that is happening. An agreement was reached yesterday between the Likud and the Labor Party which is in fact an agreement on war and not on peace. The construction of Israeli settlements in the occupied territories will continue, therefore the

Israeli Government will not accept the convening of an international peace conference and will not recognize the independent Palestinian state. In 'Arafat's opinion, the most dangerous thing is that Shamir ordered soldiers not to adhere to military code of conduct in the occupied territories. To judge from his words, peace in the Middle East is still a very long way away. [end recording]

The leader of the PLO visited the House of Flowers today and laid a wreath at the tomb of President Tito.

FEC Urges Albanian Trade Bill Ratification

LD1612123388 Belgrade TANJUG Domestic Service in Serbo-Croatian 1441 GMT 15 Dec 88

[Text] Belgrade, 15 Dec (TANJUG)—The FEC today submitted to the SFRY Assembly the draft law on the ratification of the agreement between the Yugoslav and Albanian Governments on commodities' exchange in the border areas. According to the agreement, concluded this June, the total value of the commodities' exchange by the end of 1988 should reach $11 million. However, due to the nonoperative character of the agreement, not a single dollar changed hands.

The FEC, as the proposer of the law, thinks that the document should be ratified urgently, because the already low commodities' exchange with Albania has continued its downward trend this year. In the 7 months of 1988, only 20.2 million of the envisaged $91.6 million were realized. The coming into effect of the law on border commodities' exchange with Albania does not impose any financial obligations on the federation, republics, or provinces, but nor will there be any income for the federation from the tax on goods imported from Albania by work organizations, according to this law.

Defense Minister Kadijevic Press Interview

LD2012212988 Belgrade TANJUG Domestic Service in Serbo-Croatian 0132 GMT 20 Dec 88

[Text] Belgrade, 20 Dec (TANJUG)—"Bearing in mind the positive trend in the development of international military and political relations, as well as the fact that our country is a significant factor of peace and stability not only in this region but beyond it as well, it is certain that, at this point in time, we are not threatened by the danger of external aggression. At the same time, the present and future role of the military factor in the world, especially as a negative shift may still not be excluded, does not permit any kind of weakening in the defensive capability of the country because, in practical terms, no one in the world is doing this. This is all the more true because the activity of the external factor, including the military factor, must always be evaluated in the context of the situation in the country."

This was stressed by Colonel General Veljko Kadijevic, federal secretary for national defense, in an interview to TANJUG, NARODNA ARMIJA, and FRONT. He replied to a number of questions on the influence of the external and internal situation on the country's security and on the development of the concept of all-people's defense and our Armed Forces, put to him by the chief editors of these publications—Mladen Arnautovic, Stipan Sikavica, and Predrag Pejcic.

The full text of the interview is as follows:

[Question] Bearing in mind the fact that the country's security and defense should be seen in the context of the situation and development of international relations, could you please first of all give us your assessment of the most important characteristics of the military and political situation in the world?

[Kadijevic] In the world today, the processes of integration and disintegration in the economic, political, and military spheres are developing at the same time. The fundamental contradictions of the contemporary world continue to remain, some in a modified form, and with less pronounced ideological aspects and with more of other aspects—state and regional aspects. New centers of economic and military power are appearing.

A certain cooling-off in the war and crisis flashpoints is significant. This confirms that international problems cannot be resolved by the application of military force.

[Question] How do you, Comrade General, view the relations between the superpowers and the military blocs in the context of such a military and political situation in the world?

[Kadijevic] It is precisely the relaxation of tension in the relations between the superpowers which is making its mark on the current positive tendencies in overall international military and political relations.

Whether this is a lasting road toward peace or whether it will be destroyed by the emergence of some new objective obstacles, no one can say for certain at present. The key to the answer lies in the question of whether the global strategic goals of the superpowers are changing or only being modified, in other words whether both sides want to change these goals or only one side. Historical experience indicates that sudden shifts in the situation are possible.

[Question] What is your view of the further development and role of the military factor in world developments?

[Kadijevic] Here are several important facts on the sitaution, and tendencies in this sphere, because it is only from these facts, and not from good wishes or propaganda that worthwhile answers can be obtained.

It is positive that it was decided to withdraw and destroy about 4 percent of overall nuclear potential and that negotiations have been set in motion on the reduction of strategic nuclear armaments by 50 percent and this means that the present 12,000 nuclear warheads—the number available on each side—would be reduced in number to 6,000 each. However, even this would be sufficient for mutual annihilation. It is quite immaterial whether this capability for destruction is a single or a six-fold one.

Efforts to achieve reductions in conventional forces through negotiatons are very positive. The announced unilateral reduction in the USSR's Armed Forces is encouraging and stimulative. However, in parallel with this, activities are developing which are operating in an opposite direction. In the West, the belief is that nuclear armaments must continue to retain their chief function of being a deterrent. This sets an absolute limit to the reduction in nuclear armaments. The number of countries possessing nuclear weapons is expanding.

The United States is imposing the doctrine of so-called rivalry, including the SDI program ("Star Wars"). Here they are insisting on the greater participation of West European countries in the implementation of the goals and overall expenditure of NATO forces and also in the strengthening of conventional forces and increasing the military budgets of the West European countries. This is explained by the claim that the USSR's conventional forces significantly outnumber those of NATO.

In view of the fact that nuclear arms and nuclear doctrines are primarily designed to have a deterrent function, increasing attention is being devoted to conventional rather than nuclear arms, and conventional military doctrines which have a more realistic possibility of being applied in practice. This is why, in parallel with the negotiations on the reduction of nuclear armaments, there has been an intensification in the process of the development of conventional arms on the basis of high technology and achievements in the development of space-based weaponry.

The strike-power and firepower of conventional weapons is being increasingly enhanced, something which in practical terms ensures the conditions for a reduction in the differences between, and exceeding of the thresholds of the effects of, small nuclear weapons systems and conventional weapons, and the "drawing together" of nuclear and conventional strategy. In essence, increasingly offensive military doctrines are being perfected and new ones are appearing on these foundations. It is obvious that the further miniaturization of tactical nuclear arms is being carried out, and the basic tendency here is that these too can be applied in conventional military doctrines.

I would note in particular that in present-day conditions most attention is being devoted to the so-called doctrine of low-intensity effects which, in essence, implies various forms of the use of forces and facilities, from special war to armed activities of relatively limited proportions. This doctrine is intended primarily for regions and countries of the "Third World."

In other words, it could be concluded that a general detente has come about both in the relations between the superpowers and in international relations as a whole, and that the negotiations on disarmament can lead to the establishment of a new balance of forces at a lower level, but one nevertheless sufficient for mutual destruction. Here the basic factors dictating the policy of disarmament lie, apart from in security interests, also in the economic interests of the main protagonists.

[Question] Comrade General, what could you tell us very briefly about the influence of the international military and political situation on the security of the SFRY?

[Kadejevic] Bearing in mind the positive trend in the development of international military and political relations, and also the fact that our country is a significant factor for peace and stability not only in this region, but also beyond it, it is certain that, at this point in time, we are not threatened by external aggression. At the same time, the current and future role of the military factor in the world, especially as a negative shift can still not be excluded, does not allow any weakening in the country's defense capability because in practical terms, no one else in the world is doing this. This is all the more true because the activity of the external factor, and also the military factor, must always be evaluated in the context of the situation in the country.

[Question] You mentioned our internal situation. How do you assess its influence on the security and defense of the country?

[Kadejevic] In current conditions the security and defense of Yugoslavia depends primarily on its internal stability. Here the inter dependence and influence of the overall stability and defense capability of the country should be clearly seen.

To the extent which the development of our country is secured in keeping with its fundamental orientations, as the most important elements making for stability, the conditions are being created for the full expression of the established functions of all-people's defense and social self-protection. A weakening of all-people's defense could stimulate aggressive intentions or give an impetus to old aspirations and initiate new ones against Yugoslavia and individual parts of it.

[Question] Bearing in mind this importance of the internal situation for the security and defense of the country, there is an obvious need for it to be overcome as rapidly and energetically as possible. Please could you give your views on the basic causes and major preconditions for emergence from the present crisis.

[Kadejevic] Two kinds of causes lie at the basis of today's crisis. The first, initial, or basic one lies in some major failings of a systemic nature in the socioeconomic and sociopolitical system and in the interaction between the two. The second kind of cause arose as a consequence of the first, only to be transformed later on itself into the causes of the current inflammable economic, political, and in particular intranational situation.

Precious time has been lost in searching for solutions, so work must now be done very quickly, in an operative and rational way. The situation in our economy, above all, indicates the need for this. At the basis of this situation lies idleness, autarky, and the huge three-pronged (state, self-managing and sociopolitical) and three-tier (from the work organization through the municipality to the federation) superstructure.

Time has shown that the difficult social crisis cannot be overcome by methods used so far. To overcome this situation it is necessary to alter the assumptions on which we have constructed some of our misconceptions and above all adopt measures so as to separate work from idleness. Material motives are the basic factor and the only way in which this can be resolved. Measures are needed which, with regard to the position of employees, take away their monopoly over jobs so as to ensure competition between all of the population which is capable of doing work, because unless this happens there is no confirmation of the social character of the means of production.

There is no doubt that the basic reforms of the economic and political system and the further democratization of the LCY are creating the conditions for overcoming the present situation.

[Question] What, in your opinion, are the basic conditions for the success of the reforms?

[Kadejevic] The most important condition lies in the reply to the question: Are changes envisioned which serve to remove the fundamental causes of the crisis? On the whole, I believe they are. However, in terms of their volume and depth—some are and some are not. Most has been done in changing the economic system and when it is a matter of the range of changes in the sociopolitical system it is worth bearing in mind that inappropriate solutions have remained which would make it possible for the federation to perform effectively those of its state functions which it has been authorized to carry out. [sentence as received]

A second important condition is that the system itself, by its functioning, ensures that adopted decisions are implemented in practice, so that their implementation is not dependent on someone's goodwill. The practice hitherto of calling only on conscientiousness and individual preparedness has not provided the expected results and nor can it provide them objectively speaking. This is also confirmed by the events following the 17th LCY Central Committee session. Despite the fact that at the session itself an enviable unity of political stands was achieved, a different type of behavior was expressed immediately after it had ended. In making concrete principled decisions each person implemented what was in his own interests, as a result of which everything which had to be and could be done was nowhere near done.

[Question] In recent talks with retired generals and admirals, you said that members of the Yugoslav People's Army [YPA] would be involved to the greatest extent in the struggle by all social forces for the emergence of the country from the crisis. Could you please say something more specific about this.

[Kadejevic] We shall work on this task both as an institution and as individuals. We shall work, above all, within the YPA and also through the institutions of the sociopolitical system and in public. The focus of our involvement will be on the further construction and strengthening of the concept of all people's defense and especially the Armed Forces.

[Question] In overcoming the unfavorable situation in society, overcoming the counterrevolution in Kosovo is very important. What is the Army doing to contribute to overcoming this difficult situation which is exceptionally important for the overall stability in Yugoslavia?

[Kadejevic] By its very presence in Kosovo, the Army is acting objectively as a factor of stabilization and a powerful warning to all those who in this area might possibly attempt to threaten by force the sovereignty, territorial integrity, and social system of Yugoslavia. The important of the cooperation which the Army is receiving daily from the population of the province—from young people, working people in organizations of associated labor, representatives of sociopolitical communities, etc—is great.

Throughout the YPA, there prevails in any case recognition of the fact that the most rapid possible destruction of the counterrevolution in Kosovo represents a defense and self-protection issue of the first magnitude. This is why members of the Army are supporting all those measures which lead to the secure return of mutual trust among the population in this territory and its political-security stabilization, and they energetically oppose any resistance which impedes the implementation of these measures, regardless of the nature in which this resistance is manifested and who initiates and carries it out.

[Question] What are the main problems which you are facing in the Armed Forces in this difficult time in carrying out your tasks?

[Kadejevic] There are a number of such problems. I would stress only a few of the most important ones. The first and most important is the problem of financing the Armed Forces. I will state only several of the major facts which confirm this.

At no time in the last 10 years has the YPA obtained funding as established by a plan. It has been receiving regularly up to one-third less. This year the real value will be not 5.20 percent, nor 4.94 percent, but 3.85 percent of the country's national income. No major system in the country could withstand such a financial blow.

When we made up the YPA's 5-year development plan in 1985, we were already lagging behind in a significant way in terms of the quality of the technical factor, which has an important place in evaluating the configuration of forces. We set ourselves the goal not of reducing the difference here but of halting any further increase. In the first instance, 5.20 percent and in the second instance, 6.61 percent of national income was needed. Since we continued to receive significantly less funding, this gap in the quality of the technical factor was deepened to our detriment, despite the fact that we restricted and restructured all forms of expenditure on technical modernization.

How our investments in the Armed Forces appear compared to some other countries is indicated by the following data:

In 1988, investment in defense amounted in our country to $85 per capita, while in Bulgaria for example, it was $509, in Italy $278, in Greece $266, in Austria $192 and in Switzerland and Sweden over $400 dollars.

Or, according to the latest statistics of the well-known SIPRI [Stockholm International Peace Research Institute] in Stockholm, Yugoslavia is in 19th place in Europe in terms of per capita defense expenditure. According to the "cost price" of a soldier, Yugoslavia spends least in Europe in "maintaining" its Army.

In such unfavorable conditions for securing monetary funding, we were forced to carry out certain changes in the program plans of technical modernization, and also to drop some of them and to restrict some others and to extend the periods in which they are to be realized.

As you know, the SFRY Presidency adopted a decision on the reduction of the numerical size of the Armed Forces by 13 percent, and this has already been achieved. I would mention for the time being, with regard to the reduction of Armed Forces in the world, there are in the main only proposals by some countries. No one else apart from ourselves has done this up to now.

[Question] Does this mean, Comrade General, that a further lagging behind has come about in the quality of the technical factor of our Armed Forces?

[Kadejevic] Yes, this gap has since 1985 increased at an even more rapid rate. We are now lagging behind significantly in the number of modern tanks, aircraft, and artillery for support and antitank warfare and in other third-generation facilities.

It was precisely for these reasons that it was vital that the YPA's financing should be resolved in a constitutionally different way from the way in which this has been done hitherto. Of course, we have not resolved definitively the issue of the YPA's financing but we have created the constitutional precondition for this to be resolved in a stable way and on a long-term basis.

[Question] What you just said now confirms that the attacks on the YPA budget are completely unfounded. Since these are not the only ones, can you tell us something about the character of attacks on the YPA?

[Kadejevic] You are right, although it should be stressed that the attacks on the YPA budget are at this time the most dangerous form of attack on the YPA and on the defense of the country in general. These attacks even go so far as to treat this expenditure on the country's defense as the cause of the current situation in the economy and, analagous with this, the YPA is even accused of [causing] the existing economic crisis.

It is not difficult to see, and it is still less difficult to prove, the lack of truth in these accusations, both from a defense point of view and also from an economic point of view. I shall only recall a few major facts and let each person draw his own conclusions. You have seen from the above statistics what the position is in terms of defense expenditure in Yugoslavia compared with our neighbors which, in addition, have their own powerful allies. Over the last few years, the Army budget has been reduced by 6.17 percent to, in practical terms, 3.85 percent of national income in 1988. In view of the fact that the estimate for this year was made in October and that inflation has been greater than was envisioned, it is evident that the above-mentioned percentage will, realistically speaking, be even less. In connection with this striking fact here are a few observations. Which other social structure has so drastically reduced its expenditure? Why is the economy continuing to sink into crisis despite such a reduction in the Army budget? The answer is very simple: If work continues to be done as hitherto, nothing will help it. And, finally, it is known that the YPA is not a conventional budget consumer because about 65 percent of Army funding is engaged directly in the country's economy.

Another kind of problem comprises the direct attacks on the YPA, on its character, and on its place and role in the sociopolitical system and the system of defense. These attacks come from various ideological positions, but basically their aims are the same. Here are some of the most characteristic ones:

Over the last year or two, attacks designed directly to destroy the federal state have been most intensive. The exponents of these attacks judge that all the functions of the federal state, except for the defense function, are weak, inadequately defined, and objectively inefficient, and if the backbone of the defense function—the YPA—were to be successfully broken, then the federal state too would definitively collapse.

There are also attempts, if not pressures, in which efforts are made to introduce into the Armed Forces' command system institutions of the social system, although their role here is not envisioned by the SFRY Constitution. In this, the desire is to reduce the role of the YPA in armed combat at the expense of territorial defense, in other words, aggressively promote in a partisan-style way the combined form of armed combat and thus move closer toward the concept of republican armies instead of a united YPA.

The third kind of attack which could be very deleterious for the YPA's Yugoslav character are the attempts to link its cadres with republican and provincial concepts even when these concepts are not Yugoslav concepts. This relates, of course, also to the reserve officer corps.

I would also stress that the attacks on the Army which have come from some social environments, have to a significant extent occupied the attention of and distracted members of the YPA from their regular duties.

Compared to the past in which those who conducted the attacks were testified opponents of this country and the revolution, today attacks on the Army begin in and are even supported in some legal social institutions.

These attacks go as far as to contain claims about the alleged support for the idea of a putsch among the officers.

As I have already stressed on several occasions, it is obvious that these are pure fabrications. We are faced here with two extreme and equally unacceptable attitudes to the role of the YPA. Those who favor the first alternative advocate a hard-line policy and insist that the Army must play the role of an arbiter in resolving all the vital issues of our survival and development. The other view which insists on "confining the Army within barracks" is in direct conflict with the character and the working-class nature of the YPA.

[Question] On several occasions and especially in your recent report to the SFRY Assembly, you stressed that the SFRY Armed Forces, and the YPA in particular, will continue to develop in accordance with the country's existing potentials and depending on the degree to which its security is being threatened. Can you tell us more about the objectives and priority tasks in further developing the concept of all-people's defense and the Armed Forces.

[Kadejevic] In order to understand our present and especially our future defense organization, I would like to draw your attention to only some of the facts surrounding the historical development of the concept of all-people's defense: It originated at the time of the national liberation struggle—Tito was its creator and its values were demonstrated in the national Liberation WAr; its experience and especially the substance of that part which includes a combined form of the armed struggle have been used and validated during many liberation wars after World war II. In this way, the Yugoslav and particularly Tito's contribution to the world military theory have been confirmed in practice.

The concept has also been recognized as the most exemplary form of organizing the defense of our society. Its development in the entire postwar period has been continuous and without much deviation due primarily to the fact that Tito was directly involved in it and that he was constantly trying to protect it from attempts at distortion.

Some aspects of my assessment of the situation clearly lead to the conclusion that the goals and tasks of the system of all-people's defense in safeguarding the country's security remain the same. What is being changed is the fact that there has been a shift in priority and emphasis. Our emphasis today is on the need to fulfill our tasks by developing our function of a deterrent to potential aggression since this is the most rational and, in modern circumstances, very realistic form of defense.

We are to be efficient as a deterrent, two prerequsites are needed. The first concerns the country's overall stability which, from the point of view of our security, has to be fought for. The other presupposes a specific kind of equipment and training for the Army to enable it to counter modern and technically highly equipped armed forces and new military doctrines to be applied by potential aggressors, including various forms of operations from the special warfare arsenal.

Our priority tasks in further developing the Armed Forces and above all the YPA will be: to maintain and enhance the Army's moral-political unity over the program of safeguarding and further developing the achievements of our socialist revolution and on the basis of Josip Broz Tito's revolutionary thought; to modernize our military organization to keep abreast with present-day developments in fields from information technology to the younger generation's social conscience; further theoretical and practical development and modernization of our military doctrine and combat skills; to improve the organizational and formation structure of the units; to improve the capabilities of our Armed Forces by equipping them with modern weapons and providing them with top-class training to enable them to achieve the necessary level of combat readiness and to carry out their special-purpose tasks; to modernize the system of leading and commanding; further to improve the system of recruiting, to modernize combat training and military education.

[Question] What is being done to attract more young people for the Army and military schools, especially from those areas in which young people are not so keen to chose the career of professional soldier?

[Kadejevic] The Army has been carrying out a whole range of various activities in an organized and systematic way. In addition, we continue to search for even better ways of improving the status of the officers, cadets, and students, to modernize the education system, and to open up all of our educational institutions to other social structures. We are also trying to modernize our information and propaganda activity and to bring it closer to the mood of young generations. However, all of this will not be enough for overcoming the problem you have referred to. Two important measures are necessary to take: the first and the most important one is to evaluate more adequately the difficulty of the military profession from both material and other aspects.

As soon as it is given an opportunity, society must do this. Secondly, we need more direct and efficient work in those environments where the interest in military schools has been inadequate. This includes political work and a whole series of incentives which society can objectively provide, as is done in some other countries.

[Question] What is the average age of army officers (for instance, how old is our youngest general)?

[Kadejevic] From the point of view of age, younger officers are in a majority. About 60 percent of officers are under 40, about 29 percent between 40 and 50, and about 11 percent over 50. The average age of the officer cadre is about 37.

There are several generals who are 51 and this year a number of officers will be promoted to the rank of major-general at 49. We are taking steps to shift the age average in favor of younger generations.

[Question] Comrade General, you were barely 20 when you participated in the final operations for the liberation of the northwestern parts of the country with your 26th division in May 1945. This prompted us to ask you how you assess the trends amongst the younger generation and whether you think it is capable of carrying the burden which the overcoming of the crisis involves.

[Kadejevic] It is never a good idea to be absolute about things, not even about specific rules of armed struggle. However, it is absolutely certain that a more rapid tempo of the development of society is not possible wihtout a substantial advancement of the social status of the young generation. The knowledge acquired in the Army irrefutably confirms that the present younger generations have to a large extent accepted the fundamental values of our society and that they are loyal and devoted to socialism, self-management, the federative body of our community, brotherhood and unity, our nonaligned policy, and the system of all-people's defense and social self-protection.

However, one has to bear in mind that negative social trends have lasted for an unacceptably long time, which mostly affects young people. They rightly manifest dissatisfaction at unemployment, failures in the system of upbringing and ecucation, the violation of brotherhood and unity, nationalist euphoria, the erosion of moral values, etc.

Comprehensive and lasting solutions to these and other problems and shortcomings are the best way to improve the social status of the younger generation and secure conditions for directing its creative potential towards the general progress of our entire community. The young are those most interested in the country's future. This is why their words and deeds must be taken much more into consideration when seeking solutions for our present problems.

[Question] What would you say, in a form of a message, on the occasion of the forthcoming holiday of our Army?

[Kadejevic] I am convinced that the vast majority of Yugoslavs, especially the younger ones, accept the security of Yugoslavia as their life-long interest and at the same time as a fundamental condition for the progress of society as a whole.

We in the YPA will continue our persistent work on the consolidation of its popular, revolutionary, and Yugoslav character. This is why we ought to understand by now that the way to a better, richer, and more humane life is through better, more substantive, and more productive work and that there is no other way. Everything else is an illusion, including various demagogic slogans, as well as empty, sterile talk, with which our country is unfortunately overloaded.

[Unidentified Editor] Finally, comrade general, we congratulate you personally and all the members of our Army on your holiday 22 December and wish you further success in the strengthening of the country's defense force.

Ckrebic Speaks at 19th Plenum on Economy

AU1512102488 Belgrade POLITIKA in Serbo-Croatian 13 Dec 88 p 7

[Report on speech made in Belgrade on 12 December by Dusan Ckrebic, member of LCY Central Committee Presidium, at the 19th Plenum of the LCY Central Committee Presidium: "An Overburdened Economy Cannot Successfully Wade Into Reform—Dusan Ckrebic Stresses"—one of several reports under the general heading "19th Plenum of the LCY Central Committee on Ideopolitical Questions Concerning Economic Reform"]

[Text] Taking part in the discussion, Dusan Ckrebic said:

"This economic reform should be a radical turning point in and transformation of the earlier economic system which for years has created, added to, and developed an entire apparatus of categories of its own. This should now be done for the market economy and this of course is not achieved with a few laws which enter assembly procedure. It is essential to work out in theory the market economy in socialism and self-management, because this is not and cannot be a simple copy of the instruments of the capitalist system of economic operations.

"Therefore, I am stressing the need for and significance of a constructive, working, and creative atmosphere, which is of course critical in tone and in which it would be possible to work out in theory and in practice solutions which should give the necessary answers to the questions of our further successful development, but which also give direct answers to the current economic crisis, with the aim of eliminating bad results in business operations. Therefore, I do not look on the economic reform upon which one should embark next year as though it will cause a great increase in the night between 31 December and 1 January, but as a step that is preceded by further patient and painstaking construction and development of the system."

Overcome Ideological Dilemmas

According to Ckrebic, it is probably most important today for the LCY to act to eliminate at the beginning of the economic reform the possible ideological blunders which consider socialism, as well as all the practical solutions within it, as a pure and perfect system. Personally, he said, I think that the first LCY conference held this year cleared the way to economic reform and significantly pointed out the need for resolute and radical turnarounds without wasting more time in announcing and taking partial economic measures which emerged from the arsenal of the present economic system and which in themselves could not stop negative trends. In fact, I want to emphasize the support which came from the LC itself in overcoming these ideological dilemmas, which for a long time have blocked and prevented the creation of a consistent system for the market economy. However, this is now behind us and it would be lethal to go backwards, said Ckrebic.

"In an era of criticism of the LCY, one should not lose sight of the fact that it actually gave the stimulus to the 11th session of the LCY Central Committee and the first conference to unavoidably and resolutely launch the economic reform, and not just this one but the other two as well. In the meantime, it has often been heard that the reforms that we initiated earlier failed because they were not accompanied by a good social program. There is probably a grain of truth in this. However, I would say that this is not the only reason, at least that is the way I see it. This could be only a fragment of wider and more serious reasons. It seems to me that introducing isolated reform into our social and economic life would be condemned to failure in advance. Therefore, it is by no means accidental that the first LCY conference resolutely stood by the stand of implementing the three reforms: economic reform, reform of the political system, and reform of the LC. It seems that the key lies in the fact that every partial approach here does not give positive results. One should probably look for possible reasons for earlier failures in this," he stressed and continued.

"Discussions that plead for the construction of a consistent economic system should definitely stimulate, respect, and seek every grain of anything that is rational and clever. This is because the blind intransigence of the protagonists of the former economic system was perhaps more serious and more lethal than the solutions themselves. It is at least certain that some mistakes should not be repeated. Consciousness of the seriousness and complexity of the transition to a new economic system, that is, the economic reform, is still on the surface and only some of its creators are aware of its full extent. This is without doubt the weak point at this moment.

This Is a Question of the Entire Economic System

I am sure that it is not good to proclaim that our new anti-inflation program is the complete economic reform. It would not even be true, because economic reform involves the entire economic system and not one program for one economic problem, however much it appears to bring things together. We will come face to face with the full force of a lack of a clear program for the financial consolidation of the economy. It is understandable that one cannot resolve all financial uncertainties in the economy and only then enter into reform. However, it must also be equally certain what this course will be like and what it can achieve under the present conditions. Enterprises must be freed of the fictitious, accumulated elements by means of the system that should be established. This is already the third FEC which has stressed in the second half of its term of office all the seriousness of internal indebtedness without greater concrete results. It would be good if this FEC did not give up in this and did the maximum possible in this direction. The long-term increase in state regulations has also had an effect on the numerous fictitious elements in associated labor organizations. Nowadays, our economy, which is burdened by a whole lot of things and which for decades has been attracting numerous fictitious and dubious elements that have arisen from the fear of devaluing social ownership, even when all this is not recognized by the market, will find it difficult to wade into economic reform," Ckrebic concluded.

LCY Presidium Discusses Macedonian Economy

AU2012213588 Belgrade Domestic Service in Serbo-Croatian 1800 GMT 20 Dec 88

[Text] The LCY Central Committee Presidium today discussed current ideopolitical questions in the activities of the Macedonian LC. Within the framework of the planned discussion on all parts of the LCY, this was the second republican organization, after Montenegro, to be on the agenda of the highest party leadership. Here is a report by Dusanka Radmilovic:

In the last 3 years, the Macedonian LC has faced one of the most serious postwar periods in the development of the republic. It has particularly felt the 10-year crisis, primarily because its economy is insufficiently developed and because it has a very unfavorable economic structure.

Recalling this basic assessment of the facts, Jakov Lazaroski, president of the Macedonian LC Central Committee Presidium, pointed out that the social product per capita for this year will be reduced to 60 percent of the average for the country. This is considerably less than the social product for the republic in the first postwar years of constructing the country. What this means in a situation where this republic of ours has half the means of accumulation of others and the highest rate of unemployment in the country after Kosovo, is clear in itself and in these two aforementioned facts.

Nevertheless, supplementing this picture of the economic situation, Gligorie Gogovski, president of the Macedonian Assembly Executive Council, pointed out that the republic's debts were 70 percent greater than the average for the country, while the republic lacked 1,368 billion dinars of working capital in the first half of this year.

The Federal Government's May measures have not saved the Macedonian economy, but considerably worsened the situation. Because the prices of virtually half the industrial products were under the direct control of the state, several times more resources poured out of the republic to other areas of the country on the basis of primary allocations than was poured into it from the Federal Fund.

These are, in brief, the reasons why neither the radical changes in the conduct of businessmen, nor the agile and responsible attitude of the Macedonian LC to its own tasks have given the expected results. This has also certainly been reflected in the political security situation in the republic although, according to Jakov Lazaroski, this is relatively stable, despite everything. Dealing with the development of interethnic relations, Lazaroski said that they are burdened by the problems of Albanian nationalism and separatism, and in this context he mentioned the example of indentifying and overcoming the negative phenomena in the communes of Tetovo, Kicevo, Struga, Kumanovo, and Skopje. He also pointed out the links between the hostile activity of Albanian nationalists and separatists from Kosovo and Macedonia, and the insensitive Albanian nationalist paternalism from Kosovo over the Albanian nationality in Macedonia.

He saw the aggressiveness of Albanian nationalism in the spread of the idea about the restrictive and repressive policy toward the Albanian nationality, which is an idea which is also supported by certain political officials in Kosovo.

The president of the Macedonian LC Central Committee Presidium in particular threw light on the role of this republic in creating a united foreign policy for Yugoslavia. The key reasons for this dimension of his speech were some issues disputed with Macedonia's neighbors connected with the national essence of the Macedonian nation and the position of Macedonian national minorities in these countries. The negative attitude of Albania and the Bulgarian Communist Party toward the national essence of the Macedonian nation and the denial of the existence of a Macedonian minority in Bulgaria have, objectively, a limiting effect and are essentially reflected in the state of our relations. The negative attitude of Greece toward Macedonia continues to be expressed in many discriminatory and restrictive measures and the idea was once mooted about the existence of two policies—of Belgrade and Skopje—under the slogan: Belgrade should bring Skopje to its senses.

According to Lazaroski, the impression that the Macedonian nation is being threatened is helped by the stand of the Serbian Orthodox Church which does not recognize the autocephalous nature of the Macedonian Orthodox Church, as well as articles in some newspapers on Macedonia as a bankrupt republic.

In the debate, in which Marko Orlandic, Dusan Ckrebic, Milan Kucan, and Milan Pancevski also took part, it was pointed out that Macedonia will not be able to resolve its economic problems alone, without the support of the whole country. This was also supported by Stipe Suvar, president of the LCY Central Committee Presidium, who concluded the debate.

He also commented on the foreign policy and the domestic policy framework in this republic, and in this context on the development of interethnic relations in it. Suvar warned that the position of the Albanian nationality in Macedonia is very sensitive and pointed out that a proposed formulation of the Macedonian Constitution had spread in some parts of Yugoslavia, in which the provision that Macedonia is a state of the Macedonian people and the state of the (?Turkish and Albanian) nationalities is changed to the provision that this is a state of the Macedonian people [words indistinct] community which would contain everyone who lived there.

New Slovene Party Gives Reasons for Founding

AU2012192888 Belgrade Domestic Service in Serbo-Croatian 1800 GMT 20 Dec 88

[Text] The information media has been presented with an announcement of the program of the Slovene Democratic Federation [savez], which cites the reasons for setting up the alliance. It is stressed that the organization is being set up because of the ineffectiveness and lack of success of the existing political system, the unsatisfactory position of Slovenia which is also reflected in unitaristic and centralistic tendencies in some parts of Yugoslavia, the backwardness of Yugoslavia and Slovenia in relation to European development, and the violation of basic human and civil rights in Slovenia and Yugoslavia.

Slovene Executive Council Criticizes FEC

AU1912153988 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 19 Dec 88

[Relja Atanasijevic report]

[Text] The session of the Slovene Assembly held in Ljubljana this morning was divided into two parts: In the first part, Ivan Ribnikar was officially named a member of the Slovene Presidency. In the second part, the delegates heard the speech of Dusan Sinigoj, president of the Slovene Executive Council, on the program of economic policies. Here is a report by Relja Atanasijevic:

In his very detailed speech, Dusan Sinigoj analyzed the program of the FEC's economic policies for next year and concluded that the strategic orientations are without any foundation. For this reason, he proposed to the Slovene Assembly that it should not support this program. He mentioned six specific reasons for this.

First of all, the program does not offer a clear answer to the question concerning the concept of economic and development policies for 1989. In addition, this document does not take into account the fact that inflation has entered the hyperinflation stage and that production and income are falling, while social tensions are rising. Third, the program does not have any directives as to how to reduce extrabudgetary expenditure, or guarantees that the burden of the economy and the pressure on work organization's costs will be alleviated.

The FEC is also criticized for not clearly and adequately defining the importance of exports to hard-currency markets and for failing to explain how our balance of payments surplus on the clearing account will be reduced.

The last objection refers to the consequences of abandoning the concept of the May anchors and the credit-monetary policy. It was stated that an assessment of changes in the conditions on foreign markets has not been made and that therefore the objectivity of the optimistic development forecast for next year cannot be checked.

The Slovene Assembly acknowledged the proposal of its executive council, but did not want to express any views, because it believed that the FEC should bear responsibility for its program.

Slovenia's Kucan Assesses Yugoslav Crisis

AU2012151188 Belgrade KOMUNIST in Serbo-Croatian 16 Dec 88 p 2

[Milan Kucan article: "Searching for a New Identity for Yugoslavia"]

[Text] It is obvious that Yugoslavia is searching for a new identity. The crisis is too profound for this question to be left aside, let alone disregarded. The expression and the constitutional-legal sanctioning of this new identity should be a new constitution—an initiative for a new, clear, concise, and usable text of a constitution was launched at the Slovene LC Conference in April. Perhaps people are right in saying that the sharpness and the scale of the political confrontations that took place in Yugoslavia and Slovenia during the discussions on constitutional amendments do not justify the optimistic expectations that a constitution (including republican constitutions) will be adopted in a relatively short period of time and without major tremors.

Neither of these two things is possible. The conditions for adopting a new constitution, for establishing a new way of organizing relations for joint life in a joint state are much less favorable now than they were in April. However, the work on such organization, however difficult it may be, must reveal and resolve numerous differences of a conceptual, theoretical, and ideological-political character; it must lead to the identification of everything in this joint state that brings us together, links us, makes us different, and must lead to choosing the relations and conditions in which we wish to and must jointly affirm all this, without endangering the specific features, characteristics, and identity of our peoples.

The Yugoslav federal community would be untenable today without the recognition of differences, just as it would be untenable without clearly defined joint interests and resources, and a method of and responsibility for realizing them.

This is in fact why this job must not be postponed! The starting basis should be the Constitution of 1974, which is by no means outdated, at least as far as the principles on which relations in the federation are concerned, relations among our peoples and nationalities in their national states.

I am aware that there are different authoritative opinions on this issue. They largely proceed from the fact that the above-mentioned principles have not been adequately worked out in a normative sense, and that this has led to an even less principled practice. Some of these views lead one to conclude that the constitutionally established relations in the federation, which is to say the federation itself, are the main cause of our crisis. However, I will stick to my view, regardless of these stands. The vision of a new constitution and relations in the

Yugoslav federation is still as much a question of continuing with the existing constitution and political concept, that is, the philosophy which it reflects, as it is a break with the constitutional development so far. It could also be said that this is a question of the creative continuity of Yugoslavia founded on the AVNOJ [Antifascist Council of the National Liberation of Yugoslavia] principles, because Yugoslavia can only survive on the AVNOJ foundations, or there will be no Yugoslavia.

The present mass dissatisfaction with the existing situation, expressed through various meetings, rallies, strikes, committees and commissions, and their choice of various ways of overcoming the crisis and their picture of Yugoslavia's future have in fact already demonstrated that a general Yugoslav discussion on three essential, most vital questions has already started: on the national question; on the content, forms, and conditions, in other words, essence of a joint life in the joint state; and on the content and nature of socialism.

I appears to me that this last question is the key question, because it synthesizes all our successes and failures in solving the first two questions, and because the answer to it represents the basic, essential factor which would link all our peoples and nationalities in a struggle for a faster, economically more successful, social, cultural, and comprehensive civilized development. Considering that we have not yet met with success in the struggle for this development, which would open up perspectives for every individual citizen, every nation, every nationality, and everybody together, the links among us have become weaker while doubts in the rationale of such insufficiently successful joint life have become more prominent.

I am not underestimating other integrative factors in the SFRY. However, I do think that joint engagement in the realization of a democratic, efficient, and developed socialism which will be more open toward the world is of vital importance, and that it will be more comprehensible and different from the present socialism. I have in mind two of the crudest mistakes in our development to date which resulted in the most serious consequences: administrative statism over the autarkic economy, and even the social sphere, instead of links within the country and with the world on the basis of economic logic and interests; and collusion between the state and the party, instead of the development of the direct economic and political power of the people and associated workers. In our conditions, the class and self-managing elements have never been endangered by the national elements. Social, self-managing, as well as national elements are threatened by the bureaucratic-statist elements, in other words by nonsocialist elements. They are threatened by economic inefficiency and stagnation in development. Yugoslavs are no longer prepared to live in freedom and poverty, they are aware that we are able to live and are capable of living in freedom and riches, because the condition for real freedom is in fact prosperity—material, cultural, and spiritual.

It is therefore clear that in drawing up a new constitution we must strongly affirm the view that none of our peoples have opted for life in a joint community in order to narrow down the possibilities for their own comprehensive development and future, to limit their own freedom and sovereignty, but to derive from all this more than they would be able to achieve on their own. In brief, the people have opted for this in order to expand the borders of their freedom without at the same time endangering the freedom of others.

There should therefore be no place for the belief that the Slovene people, or any other peoples, are not interested in the efficiency, power, authority, and prestige of the joint federal state. Differences only exist on how this should be achieved. We are opposed to this being accomplished outside the responsibilities of the republics, through centralism, and with the help of subordination and outvoting. The SFRY can only survive as a democratic state. This means that nobody in Yugoslavia will allow anybody to impose on him the basic principles on which a joint life in self-managing, socialist, and nonaligned Yugoslavia has been built if these principles are against his beliefs.

In drawing up the new constitution, it must be clear that Yugoslavia certainly also concerns the Slovenes. This is a country that was also built by Slovenes, a country which they entered of their own free will, because they wanted to do this. This was the expression of our sovereignty, the sovereign use of our right to self-determination, which also includes the right to secede and even join other nations. For the first time in our history we, jointly with others, as the sovereign people, built this country which came into being between the national and social revolutions. This is why we are not indifferent to what the joint state will look like, what the essence of joint life is, what relations will exist in it, and what its international position and prestige are. It is our right and duty to care about all this, to express our views on this, and to be responsible for this.

Yugoslavia can only survive as a democratic socialist state which protects its integrity, freedom, and the equality and dignity of all of its citizens, as a legal state with clearly defined stands on everything that is meant by the notion of socialist civil society. I mention this because it appears to me that in the discussions on current constitutional changes, particularly in the closing discussions, the question of national sovereignty was justifiably stressed while the question of the sovereignty of the people, citizens, and their rights and duties was somehow pushed aside. As regards this, there is no reason for our future constitution to be below the standard of the modern bourgeois constitutions. Our future constitution should pay much more attention to this if we really want this system to express our concept of socialism to suit man. A state, including a federal state, must not be an alienated structure; it can only be preserved as the property of all citizens.

The basic problem of Yugoslavia, which is important for discussions about its future, does not lie in some sort of redistribution of power between the federation and the republics, in establishing some kind of balance or hierarchy among them, in centralism, or in a confederalist weakening of the present system. The main question concerns a change in the balance of power between the state structure and political power as a whole, and the self-managing social basis. I am referring to the question of relations between politics and economy, between statism and self-management, between state interventionism and the freeing of people's economic and political initiatives. It is more than obvious that the gap between the federal and republican statisms does not lead toward the way out, but toward conflicts and aspirations for a centralist or confederalist redistribution of power and influence instead of searching for initiatives to develop self-managing relations and to consolidate the economic and political power of associated workers, and for citizens' affirmation....

The future of Yugoslavia lies in how convincing its democratic development concept is for the present generations, a concept which proceeds from the utilization of all the available economic and human potentials, as well as in its ability and willingness to realize this concept and confirm it in social practice through the responsibility of all the republics and all peoples. This development concept should be a real, optimistic vision of a democratic, humane, and successful socialist society of sovereign peoples and nations which is open to the world. This concept determines what is common and what facilitates Yugoslavia's existence at all. At present, this is only possible through a socialist project of rapid and successful development of every one of its peoples and nationalities. This project is the precondition for the survival of Yugoslavia and at the same time for a strong Yugoslavia because there can be no joint state unless all of its peoples are strong, unless all of its peoples are allowed to live according to their own will, wishes, and abilities.

Ljubljana Economists' Meeting Blames Politicians

AU1612100888 Zagreb VJESNIK in Serbo-Croatian 11 Dec 88 p 5

[Predrag Tasic report: "Politics Is to Blame for Inflation"]

[Text] By the end of 1988, inflation will be around 250 percent. In the first half of next year it is expected to jump to 400 percent, and then to slightly fall and end the year with an average rate of increase of 340 percent.

Of course, this is only a forecast made by several Yugoslav institutes for economy. To what extent prices really will rise next year cannot be predicted with great certainty: a 500 percent mark has also been mentioned if the trend of the last 2 months continues.

One thing is certain though. Inflation will be higher in the next 12 months than it was last year. This will create conditions in which prices will be changed once a month. The prices of some articles will be changed even once a week.

These pessimistic views were heard this week at a seminar of economists in Ljubljana which was organized by the Marxist Center and the Presidium of the Slovene LC Central Committee. The theme of the seminar sounded somewhat poetic: "How To Reduce Inflation?" However, the music score on the theme followed by Yugoslav economists did not sound poetic or reconciling. They pointed their finger more resolutely than ever before at politics as the main culprit for a Latin American type inflation in Yugoslavia, inflation to which there is no end.

Inflation Is Not Economists' Problem

One of the opening speakers at the seminar, Aleksander Bajt, surprised me, and I believe others, with four things: First, he published his essay in Serbo-Croatian and Slovene and in this way, in the general national euphoria, confirmed his pro-Yugoslav orientation. This was a slap on my face because in one of my articles I accused him of representing mainly Slovene interests. Second, at the beginning of his off-the-cuff speech he said the "organizers of the seminar had nothing to do" with the views he held. He was obviously trying to forestall propaganda campaign via readers' letters and similar means that Slovenia was behind all this.

The third surprise was Professor Bajt's extremely strong blows to the head of politics as the exclusive culprit for the galloping inflation in Yugoslavia: "Today, inflation is not the problem of economists, but of politicians and the system which they created.... I shall be very precise: Economic science does not have anything to say about stabilization in the economic-political sense. Everything that is needed for a successful stabilization is already known, has been known for decades.... The original sin is always the politicians, their conceited pretentiousness that they know everything better than others.... Finally, Bajt ends his series of punches with the conclusion that the problem lies in the political system, in "the lack of political control and the political market." The final result of the nonexistence of the political market is a general promotion of ignorance as the main criterion for coming to and staying in power and being beside those in the power.

Bajt supplemented the theses of his off-the-cuff speech with the request for the government, which has twice failed to stabilize the economy, to resign.

The fourth surprise was Bajt's showdown with his "colleagues," economists who are happy that they live and work in the shadow of politics. However, in contrast to politicians, Bajt did not aim heavy artillery at them.

This was perhaps not needed. He pushed these intellectuals from the discussion ring with his little finger, telling them that they were "experts created by the system...political economists, economists at the behest of politicians." Milos Milosavljevic, vice president of the FEC, replied to this saying that inflation has been continuously rising since 1982 and that in that period "governments came in and out" just like the "teams of economists whom one could not simply describe as apologists or political economists.

Consequences of Raised "Anchor"

Bajt's opening blow to the effect that the politicians and politics were responsible for everything was also accepted by a majority of the other economists who added that the reasons should be sought in the system and in the differing interests of the bureaucracy. Ljubomir Madzar thus said that this economy, being probably the only one in the world in which workers determine their own personal incomes, cannot live without inflation. "Inflation is the mechanism with which the economy defends itself from numerous perversions that are institutionaly built into our economic system."

In his written paper submitted to the conference, Madzar was even more explicit: "A reduction of inflation on the basis of and within the existing system, even if it were possible, would quickly bring the economy into a difficult situation in which it would not be able to perform a number of important functions, not even in the existing deficient way, so that inflation would have to flare up again as a necessary precondition for any kind of economic life."

The examples, which confirm the main thesis of the seminar that politics is to blame for high inflation, were also presented by Ljupce Trpevski, deputy governor of the National Bank of Macedonia. In the West, he says, a change in the discount rate, even of one half percent, effects the behavior of banks and enterprises. In our country, changes of even 10 percent have no effect! Why? A number of economic entities take out loans in advance, expecting that they will not have to pay them back and this means that communal and republican bureaucracies will arrange this for them.

"Defense" of Politics

The latest example of shifting the "nominal anchor" [nominalno sidro] away from the increase in personal incomes is a drastic example. The aim of the policy which initiated this was to ensure social peace. So that, according to the figures presented by Zivko Pregl, inflation in 1988 would be around 130 percent if all three "anchors" were respected. If the "anchor" of personal incomes were raised, then it would be 206 percent and now that this was the last "anchor" to be freed, it will reach 250 percent. Bajt warned that because of the mass increase in personal incomes "we are standing before a new wave of inflation," which cannot be prevented even if the best measures were taken. He called freeing the "anchor" of personal incomes a "fateful mistake" which was caused by other mistakes, above all the "sabotaging monetary policy." The other economists also thought that this move restimulated the inflationary spiral. Ljubomir Madzar warned that "political opportunism only allowed time to be bought, but at the high price of the creation of even more serious problems even after several months. Therefore, a very short period of time was bought at a prohibitively high cost."

It was also interesting to hear the "defense" of Milos Milosavljevic: "By shifting the nominal limits of personal incomes for this year, have we yet again "bought" social peace and how long will this peace last? The question could also be put in a different way. Was it possible to reduce real personal incomes further without losing any further motivation to work? Were we not near to that? Where are the limits to the fall in real personal incomes? The IMF has also realized this truth, but in our country this has not yet been understood anywhere. To what extent have the additional payments caused new pressure on demand under the conditions of an increase in prices, energy, and communal and other services?"

Milosavljevic also introduced a new element into the whole discussion on whether politics (not only as regards personal incomes) is to blame for inflation, by explaining that politics cannot be interpreted as an abstract concept which puts all politicians into the same basket, but that different interests are behind the concept of politics. Therefore, he claimed that a consensus concerning reducing inflation only exists today in principle and not in practice. He also presented examples: "Is it possible to support a reduction in inflation while wanting an expansive credit-monetary policy, being against imports, holding highly immobilized resources in order to meet future expenses in the accounts of sociopolitical and self-managing interest communities, and persistently seeking an increase in the prices of products and services whose prices are directly controlled, in the absence of a liberalization of imports for these products." The conclusion of the FEC vice president was that "people should deny geometric axioms if they would encroach on their interests," and according to Milosavljevic, the solution is "for a reduction in inflation to be the priority mutual interest."

Inflation cannot be reduced with a "mutual interest" but can only be sat on until the end of a term of office! Inflation can only be brought down as a Yugoslav interest which will be achieved in a democratic way and which will be implemented in the same fashion—and for this, of course, responsibility before the entire Yugoslav public must be borne. This FEC (as well as others) does not understand this. I have written about this in previous articles and I will not expand on the idea here.

Mitja Gaspari from the National Bank of Yugoslavia also spoke about different interests backed by regional bureaucracies which prevent a stabilization and anti-inflationary policy. The National Bank of Yugoslavia has asked for banks' investments to be limited. This was not permitted, but they were allowed to influence assets and this resulted in an excessive increase in investment. The Committee for Credit-Monetary Policy has recently sought a more expansive monetary policy, a reduction in interest rates below the increase in inflation, the maintenance of all selective credits and the conditions for their issue, and so on.

What Do the Economists Suggest?

Although in the process called "How To Reduce Inflation" the economists identified politics (and we would add, politics which rest on "mutual" and not Yugoslav interests) as the main culprit, they also offered their views of current economic policy. It could be said that a monetaristic vision prevailed although there was also the proposal (Avdul Kurpejovic) that real economic categories should not be abandoned and a voluntaristic policy implemented. Among the monetaristic views, the extreme attitude was expressed by Branislav Soskic that the nominal increase in the supply of money cannot be greater than the real increase in the social product. The watered down vision is that the increase in the money supply is linked to changes in incomes, which Ivan Ribnikar described as "chasing one's own tail." His suggestion, which is closest to orthodox monetary theory and practice, is that the expansion of credit (20 percent) and the money supply should be established quarterly and respected until the end of the year.

Aleksander Bajt put forward the middle variant and called it "hybrid shock therapy." It is reflected in a gradual restriction of the money supply which would reduce the risk of a drastic fall in production and an increase in unemployment. To begin with, the restriction would be quite strong "so that we could reduce inflation to, for example, the average of the last 12 months virtually overnight. If we manage to achieve our goal, we would also receive proof that the monetary sphere was able to limit inflation." I fear that in these "facile promises of speed" Professor Bajt forgets two things: First, the so-called "time-lag," that is, the time that needs to pass from the implementation of one measure to the first (positive) results. This period is longest when it comes to the money supply itself so that the expected "overnight" results would be difficult to achieve. Second, and more importantly, the rigidity of the system itself toward everything that is economic and market oriented. Does Bajt believe that this policy, which was lambasted so much in the report that was prepared for the seminar, would not find ways to alleviate even the most restrictive credit-monetary policy.

Because of this, I most liked the speech by Egon Zizmond of the Maribor Economics Institute. Disputing the black and white vision of Branislav Soskic—that great monetary demand and small supply of goods cause an increase in prices and vice versa—Zizmond warned that in our country aggregate supply and demand are inelastic as concerns prices. The reasons for this should be sought in the autarkic development of the country, the monopolistic position of the Yugoslav economy, the various obstacles in the system, and so on. Because of this, economic policy measures of the market economy can only be effective in the short term. The only long-term solution is reform of both the political and the economic system. This reform would bring with it a redefinition of the concept of selfmanagement, an end to blockages in the area of the economic system, and so on.

The crux of the problem is obviously in this. The system that has been created does not react positively either to administrative or market moves or to a combination of the two. All well-known economic measures, no matter how attractive they appear, result in even worse bills in the end. Therefore, until this system is turned the right way up, that is, developed from a bureaucratic-voluntaristic system to a self-managing one or some other historically verified system, there is no chance of the economy being stabilized and therefore inflation being reduced.

Croatian Presidency Statement on Language Law

LD1612182088 Belgrade TANJUG Domestic Service in Serbo-Croatian 1530 GMT 16 Dec 88

[Text] Zagreb, 16 Dec 88 (TANJUG)—Not a single body in the Croatian Republic has so far been told that proceedings have been set in motion at the Yugoslav Constitutional Court to assess the Croatian SR Constitution, the Republic of Croatia Presidency stressed in its statement today.

At its session held on 14 December 1988, the Croatian SR Presidency discussed, on the basis of TANJUG reports published by information media on 8 December, the Yugoslav Constitutional Court's view that the "language provision of the Constitution of the Croatian SR is contrary to the SFRY Constitution" and it will "inform the SFRY Assembly accordingly."

As reported today, the Presidency ascertained that not a single republican body, including the Croatian SR Presidency, has so far been informed of the Yugoslav constitutional court proceedings, nor about the view that section L of Article 138 of the Croatian Constitution was contrary to Article 246 of the SFRY Constitution. The Presidency learned this only from the public information media, although, according to a TANJUG report, the "initiative to assess the Constitution of the Croatian SR was submitted 3 years ago."

What is surprising is that the Yugoslav Constitutional Court passes judgment on the Croatian Constitution being contrary to the SFRY Constitution at a time when the procedure to change the Croatian Constitution is in progress. It is public knowledge that constitutions of all the republics and provinces are publicly debated and that the final decisions on all constitutional provisions and their possible changes, which naturally must not be in conflict with the SFRY Constitution, will be adopted by their assemblies.

On this basis, all issues of the Croatian Constitution which have been raised, including the issue of language, are within the jurisdiction of the Croatian SR Assembly alone. In this context, the Presidency noted that the Yugoslav Constitutional Court's judgment does not impose an obligation to act, but expresses the nature of the judgment which it is passing on to the SFRY Assembly for discussion.

The Croatian SR Presidency stresses, the statement continues, that the constitutional position is clear and that solutions will be adopted in the spirit of complete tolerance and democratic debate. The statement stresses this would encourage consciousness to be formed and developed concerning the use of the language, as well, ensuring and developing as widely as possible the equality of the nations and nationalities in the Croatian SR and the SFRY.

Presidium Member Zarkovic Addresses Zagreb Aktiv

AU1512120888 Belgrade POLITIKA in Serbo-Croatian 10 Dec 88 p 19

[TANJUG report: "Reform Will Be a Painful Process"]

[Text] Zagreb, 9 Dec (TANJUG)— Vidoje Zarkovic, member of the LCY Central Committee Presidium, stated that the 17th LCY Central Committee session, although prepared and held under very unfavorable social conditions, successfully realized its aims mainly because the Central Committee strongly reaffirmed the tenets of the LCY Conference, according to which the three reforms and the situation in Kosovo are the chief tasks which require the involvement of all the forces of society, and concluded that solving these problems will pave the main way out of the crisis. Unfortunately, these tenets of the LCY Conference were pushed into the background almost immediately after the Conference.

In his address last night in a hall of the Zagreb Faculty of Economics to members of the Zagreb political aktiv on the current economic-social and political situation in the country and the LCY's tasks, Zarkovic said: By establishing at that session concrete views on the content of the reforms and the way of solving society's most acute problems, the Central Committee significantly contributed to the strengthening of LCY unity.

The 17th Session Stands Must Not Remain Only on Paper

The Communists' most important task at present is to fight for as consistent as possible a realization of the 17th LCY Central Committee session stands. These stands should not remain only on paper as was the case with the stands of some other sessions, Zarkovic stressed.

Zarkovic also spoke about the work so far on the constitutional amendments, preparations for the economic reform, and the formulation of economic policies for next year, stressing that the reform will be a very painful process. The reform will make numerous problems based on bad work and the lack of economic inefficiency and rationality more acute.

According to Zarkovic, the most difficult tasks in carrying out economic reform are still in front of us. They are so complex and difficult that we have to concentrate all our strength on them because they are the most important thing at present. The way out of the crisis directly depends on the success of the reform.

Zarkovic devoted a considerable part of his speech to the activities on the LCY reform.

Speaking about the activities on implementing the 17th LCY Central Committee session's stands on Kosovo, Zarkovic said that the LCY Central Committee Presidium and the Serbian LC Central Committee Presidium, together with the Kosovo LC Provincial Committee, had invested much effort to organize the work on the realization of the tasks contained in point nine of the 17th session on Kosovo.

We insisted and still insist, Zarkovic said, that the action is carried out consistently and as soon as possible in accordance with the statutory norms. Postponements, compromises, and partiality can only make the action of the LC and other organized socialist forces in implementing this policy more difficult.

However, Zarkovic said that the recent protest gatherings by the citizens of Albanian nationality had slowed down the realization of the tasks concerning differentiation and cadre renewal, and made the already difficult situation in Kosovo worse.

Zarkovic also said that the three presidiums will soon give a full political assessment of the causes of what recently happened in Kosovo. The process of undertaking measures of responsibility and cadre changes will also be speeded up so that in the next period we can concentrate on the creation of a unified front of Albanians, Serbs, Montenegrins, and others in order to fight Albanian and all other nationalisms.

Zarkovic also spoke about some negative tendencies in political life which are diverting attention from the main tasks, hinder their implementations, and weakening the unity of the LCY.

Despite the clear stands of the 17th LCY Central Committee session on criticisms and name-calling, Zarkovic stressed, the public information media continues with attacks on and name-calling aimed at the members of the LCY Central Committee and its Presidium. After the

17th LCY Central Committee session, 24 members of the Central Committee, 12 members of the LCY Central Committee Presidium, and 3 executive secretaries were criticized by name.

About Criticism and Name-Calling

Zarkovic used some specific examples to illustrate the kind of name-calling used and their ideopolitical aims and cultural level. Comrade Stipe Suvar, president of the LCY Central Committee Presidium, who has most often been the target of unprincipled name calling, Zarkovic said, has been attacked in some parts of the country for conducting sessions in a "Jesuit way," for "beginners' seminars in philosophizing," for his "phrases, coded language," and for "conducting politics in an intrigant manner." Some slogans seen at rallies are being repeated again: "Suvar, brotherhood is not education" [alluding to the period when Suvar was in charge of education reforms]; "Down with Stipe, Smole." The culmination of the unscrupulous exposure of Stipe Suvar, president of the LCY Central Committee Presidium, is an article by Z. Gluscevic in the latest issue of INTERVJU. This article describes Suvar as "an inveterate dogmatist in the Stalin mold," an official who "hides the intrigant face of a politiker," and says that he is a man who "encourages separatists in Kosovo," a man with "refined Jesuit sensibility," that he "took the side of those who attack the SR of Serbia in an organized and systematic way," and so on.

According to POLITIKA, Zarkovic continued, Milan Kucan is in some kind of Slovene conspiracy which is conducting a witch-hunt against Serbia. According to Zagreb STUDENTSKI LIST, he has some secret connections with the Yugoslav People's Army.

The analysis of the situation and politics in Serbia links the name of Slobodan Milosevic with the "party right, Beoliberals [word as published], the entire front of the bourgeois right 'led' by nationalists, and Bonapartism." (TELEKS, STUDENTSKI LIST)

All three Montenegrin members of the LCY Central Committee Presidium, Zarkovic said, are being described by POLITIKA and some of its publications, DUGA and similar publications, in an extremely ugly and tendentious way. The holiday issue of POLITIKA EKSPRES wrote that they will have to changed the people for the more obedient people. Particularly characteristic is the extremely tendentious slogan seen at the Belgrade rally, and which was conspicuously published by POLITIKA in two consecuitive issues: "Smole, Orlandic; separatists are with you."

Some papers have more than enough of such and similar messages addressed to the members of the LCY Central Committee Presidium.

Creation of Unfavorable Political Climate

The entire LCY Central Committee Presidium and the LCY Central Committee are being increasingly often called names. The LCY Central Committee is asked to "resign immediately," it is accused of conducting "cominformist practice, of Stalin secrecy," of "supporting the separatists movement of Albanians," etc. The criticisms and name-calling addressed to the SFRY Presidency and other federal organs are also becoming more widespread. As a rule, they are deliberately discrediting these organs and individuals who are members of these organs which, objectively speaking, hinders their work and weakens the unity in implementing the policy.

Of course, Zarkovic stressed, the LCY is not trying to prevent criticism. On the contrary, the 17th LCY Central Committee session stressed that principled and well argued criticisms are needed and that all forums, organizations, and individuals are subject to them. But the bulk of what has been happening to us is not of that nature. This is why this practice has very damaging political consequences. It causes confusion in the LC and the public, hinders the work of these organs and their members and so forth. In accordance with the 17th session, the LCY Central Committee Presidium resolutely asked other presidiums of the central and provincial committees to help this to stop.

At the same time, Zarkovic warned, clashes between forums and the most responsible people continue. They existed even before the 17th session when we stated that they had had bad consequences. Unfortunately, this practice has continued after the 17th session and in some cases has even gone further. Zarkovic illustrated this with several examples.

This is creating an unfavorable political climate, directs the public opinion of one community against another, and directly affects the state of interethnic relations in our country and the LCY, Zarkovic concluded.

Trepce Miners Discuss Albanian Protests

AU2012221488 Belgrade Domestic Service in Serbo-Croatian 2100 GMT 20 Dec 88

[Text] The November mass demonstrations by Albanians has been the main topic of all meetings in Kosovo in the last month. They were discussed this evening by those who began them. Milivoje Mihajlovic has the details:

At the meeting of about 1,000 Trepce miners on the Old Square, it was assessed that the workers did not allow enemies to manipulate them. There were no excesses nor hostile slogans, said the miners, stressing that they only wanted to preserve the basic principles of the 1974 Constitution and destroy the decisions of the provincial committee on the accountability of Kosovo party officials.

Most of their words of rebuke were aimed at journalists who, according to a number of speakers, untruthfully portray Albanian reality and stir up anti-Albanian feeling.

The Serbian leadership was reproached for allowing, as it was said, the Albanian people to be attacked at the solidarity meetings. The proposal was loudly applauded that this meeting dissociate itself from the speeches by Husamedin Azemi and Ali Sukrija at the session of the Kosovo LC Provincial Committee. The demand that the old name of Kosovo and Metohija be restored to the province, was also condemned and the assessment that Serbs and Montenegrins emigrate under duress was also rejected. There is no terror and genocide in Kosovo. People emigrate for economic reasons and then, it was said, they are employed as returnees who take away the places of the army of the unemployed.

Participating in the discussion, Dobrosav Bjeletic stressed that leaders must always come and listen to the words of workers. The Constitution, he said, does not take away the rights of anyone. The Constitution is not adopted in order to create differences, but to strengthen brotherhood and unity. We must fight against the hostile idea of taking the Albanians' language from them, which is absurd if it is known that it is learned in Kosovo by half a million people. The Kosovo leaderships must contain those people who enjoy the trust of all Kosovo people, said Bjeletic.

After the mass meetings at which, it was said tonight, only 8 hours of worktime were lost, production in this mine has stabilized. It is expected that remaining income will amount to 5 billion dinars by the end of the year.

Correction to Ruling on Croatian Language Law

The following correction pertains to the item headlined "Court Rules Against Croatian Language Provision," published in the Yugoslavian section of the 7 December East Europe DAILY REPORT, page 40, second column: Second paragraph, last sentence, should read: ...Socialist Republic of Croatia's provision on language... (changing "Serbia" to read "Croatia")